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2 Organizers Of Olympics In Utah Quit Over Scandal

Investigators Hone In On Gifts and Payments During Bidding Process

By Jere Longman
New York Times Service

SALT LAKE CITY, Utah — Two of the top officials of the organizing committee for the 2002 Winter Games in Salt Lake City resigned Friday as new facts emerged in a billowing bribery scandal.

Frank Jolkik, the president of the organizing committee, submitted his resignation, saying that he was "deeply dismayed" by allegations that Salt Lake City officials had paid for housing, travel and education expenses of relatives of members of the International Olympic Committee, had provided expensive gifts and free health care to IOC members and their families, had aided an IOC member in a profitable Utah land deal and had provided cash payments — one apparently exceeding \$70,000 — to "a number" of IOC members and their families.

Mr. Jolkik will remain in his position on an interim basis until a new president of the organizing committee is appointed. Dave Johnson, senior vice president of the organizing committee and a key member of the bid committee, also resigned, effective immediately.

The organizing committee also announced that a monthly \$10,000 consulting fee paid to the former president of the committee, Tom Welch, would be discontinued. Mr. Welch headed the bid committee but resigned in 1997 after pleading no contest to a misdemeanor charge of sexual battery.

Juan Antonio Samaranch, the president of the International Olympic Committee, expressed regret about the resignations but added that "they had to do it." The Associated Press reported from Barcelona. "We all want things to return to normal as soon as possible," Mr. Samaranch added.

Anita DeFratz, one of two members of the IOC from the United States, said she expected that some International Olympic Committee members involved in the scandal would be asked to resign at a meeting in late January.

An official investigating the bribery allegations said payments made by local Olympic officials to members of the IOC appeared to have come from the Salt Lake City bid committee's \$14 million, privately funded budget. The official, who requested anonymity, said investigators were still trying to determine the exact number of payments, the amounts and the full roster of recipients.

Investigators cautioned that the reasons for the payments were not yet known and that it was possible some might be explained as legitimate reimbursement for travel expenses or as money earmarked for athletic equipment or training programs. The normal channels for making such contributions are through an IOC program called Solidarity or through national Olympic committees, not through individuals, although some IOC members serve as presidents of their national committees.

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CAPE TOWN VOLLEY — Police firing on Muslims protesting the recent U.S.-British bombing of Iraq shortly before Prime Minister Tony Blair arrived for a function in the city center Friday. Mr. Blair proceeded with the event, part of his three-day visit. Two protesters and a journalist were wounded by police fire. Page 5.

Senate Forges Bipartisan Agreement on Trial

To the Relief of the Upper House, Decision on Witnesses Postponed

By Brian Knowlton
International Herald Tribune

WASHINGTON — After days of wrangling and fears that the impeachment trial of President Bill Clinton would be riven by bitter partisanship, senators voted Friday, 100 to 0, in favor of a bipartisan agreement to begin the trial next week while putting off the divisive question of calling witnesses such as Monica Lewinsky.

Although the breakthrough largely reflected a Republican-proposed timetable, it significantly bore the stamp of two of the Senate's most ideologically opposed colleagues, Senator Phil Gramm of Texas, a conservative Republican, and Senator Edward Kennedy of Massachusetts, a liberal Democrat.

Under the plan, Mr. Clinton's trial on charges of perjury and obstruction of justice will open Wednesday. Several hours of arguments over several days will be heard first from the House "managers" who are prosecuting the case, and then from Mr. Clinton's White House lawyers. Only then will the matter of witnesses be resolved, with the onus on the managers to show they are needed.

The trial apparently will be concluded by mid-February, although it remained unclear whether that schedule could be kept if witnesses are permitted.

There was no immediate reaction from the White House as it awaited formal announcement of details, but most senators expressed visible relief and optimism that agreement had been reached.

"We have a road map now," said Senator Patrick Leahy, a Democrat of Vermont. "This is getting us out of the garage and out on the road."

By not specifically excluding witnesses, the agreement appeared to be a setback to the White House, which fears

that a more extended trial will revisit embarrassing details of Mr. Clinton's relationship with Ms. Lewinsky, a former intern, and his months-long effort to hide it. By not specifically including witnesses, it also fell short of the demands of the 13 House Republicans serving as managers.

The senators moved to lessen concerns about witness testimony, however, by agreeing to name a bipartisan committee, with either two or three members of each party, to examine how best to deal with witnesses and minimize the public exposure of salacious details.

"I believe that there are a number of moderate Republicans who just don't want to see the debacle of Monica Lewinsky on the floor of the Senate," said Senator Tom Harkin, an Iowa Democrat. "What will this degenerate into? Where did he touch you? How did he touch you?"

To the extent that Friday's actions imparted a bipartisan stamp on the trial, the White House might find some success in them. In the House of Representatives, the impeachment process has been one of ridicule, self-satisfied righteousness, and feigned concern for the future of the United States.

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Key Iraqis Killed, U.S. Review Shows Hundreds in Republican Guard And Military Elite Died in Raids

By Steven Lee Myers
New York Times Service

WASHINGTON — The Pentagon's senior commanders claimed Friday that the American and British raids on Iraq last month had caused significantly more damage than initially reported, weakening President Saddam Hussein's government and setting back his ability to build missiles.

The chairman of the Joint Chiefs of Staff, General Henry Shelton, said that "several key individuals" in the Iraqi military leadership had been killed in the four days of air and missile strikes, although he declined to elaborate or name the officials.

General Shelton, the senior military adviser to President Bill Clinton and Defense Secretary William Cohen, said the raids had killed an estimated 600 to

1,600 members of Iraq's Republican Guard, the elite troops that Mr. Saddam uses to maintain control over the country.

"He lost a lot," General Shelton said.

In a separate briefing at the Pentagon, the commander who led the strikes, General Anthony Zinni, said additional information — much of it culled from spies and intelligence reports — showed that the attacks on Iraqi military and industrial infrastructure had caused significantly more damage than first thought.

The general said the strikes had damaged "unique pieces of equipment" involved in making missiles, including metal presses and test stands. He said that Iraq may not have been able to protect as much equipment from the buildings that were targeted as he and other commanders had expected.

"We have seen communications and other things that are not coming up, that he's having problems with," General Zinni said. "So all these are indications that, as we look deeper and we have more detail, reports on our intelligence, and other means that verify this, we're seeing that the effectiveness was even greater than we first thought."

The United States is increasing its forces in the Gulf for the first time since last month's raids. General Zinni announced that eight more F-16 jet fighters would head to the region. The F-16s, along with four aerial tankers, will join 182 military jets in the region, mostly in Saudi Arabia and Kuwait and aboard the aircraft carrier Carl Vinson.

The F-16s carry radar-seeking missiles, called HARMs, which are designed to attack surface-to-air missile launchers and other anti-aircraft weapons. The decision follows a series of aerial challenges from Iraqi forces to American and British jets patrolling the no-flight zones over southern and northern Iraq. The Pentagon has also said that Iraq has moved additional launchers into the zones.

Britain, meanwhile, announced that it would dispatch an aircraft carrier, the Invincible, along with a destroyer and two support ships. They were to set sail for the Gulf on Saturday.

The Pentagon initially portrayed the

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U.S. Explains How Spy Put Eavesdropping Device in Iraq

By Tim Weiner
New York Times Service

WASHINGTON — In March, in a last-ditch attempt to uncover Saddam Hussein's covert weapons and intelligence networks, the United States used the UN inspection team to send a U.S. spy into Baghdad to install a highly sophisticated electronic eavesdropping system.

The spy entered Iraq in the guise of a UN weapons inspector and left the eavesdropping device behind.

For 10 months, the device let the United States and a select elite within the UN inspection team monitor the cell phones, walkie-talkies and other communications instruments used by the military and intelligence officers who protect Mr. Saddam and conceal Iraq's weapons.

This operation, described Thursday by U.S. officials, is at the center of the current furor over the relationship between U.S. intelligence agents and inspectors with the UN Special Commission, which is supposed to be independent and not pursue the policy or intelligence goals of individual members.

U.S. officials explained in some detail the origins of the operation, making clear how U.S. intelligence came to dominate the inspections in the months before the United States bombed Iraq. The officials and others insisted that the eavesdropping operation was not a unilateral, covert U.S. espionage gambit, and that it had the blessing of Richard Butler, chairman of the commission, which is known as Unscow.

"It should not shock people that U.S. intelligence did everything it could to help Unscow undermine" Mr. Saddam, a senior intelligence official said.

Eighty-five percent of what was overheard in Baghdad was useless, another official said. But the rest led the weapons inspectors to focus intensely on Iraq's hidden weapons programs and security networks.

That deep look inside Mr. Saddam's most precious military and intelligence programs ended in December, when Baghdad expelled the inspectors.

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President Clinton on Friday.

Behind the Ridicule, the French May See Peril in Too Much Truth

By John Vinocur
International Herald Tribune

PARIS — "Truths!" Charles de Gaulle is supposed to have shouted. "Did you think I could have created a (Free French) government against the English and the Americans with truths? You make History with ambition, not with truths."

The quote is from a new book by Thierry Pfister, a French editor, who uses it to illustrate his thesis that for the French mind, lying in politics is the norm, and that anyone trying to attach a standard of truthfulness to a politician's behavior is naive and worthy of contempt.

The general, he suggests, said as much.

This is part of Mr. Pfister's explanation of why he believes the French, and particularly France's elites, do not understand how President Bill Clinton could be impeached. He says that the French elite is terrified by the case's implications for its privileges, and that this is the reason, much more than in other democratic countries, that the year-long reaction here to the impeachment process has been one of ridicule, self-satisfied righteousness, and feigned concern for the future of the United States.

For the French elite, Mr. Pfister maintains, "there are virtually no consequences for lying. It's O.K."

Certainly nowhere in or outside the United States has the handling of the Clinton-Lewinsky scandal been held up as a model of civic procedure. But in France, the circumstances are seen, Mr. Pfister says, as an ongoing means to contrast "a reactionary American puritanism against progressive French tolerance."

This week, while CNN's commentators were talking about the solemnity of the opening public proceedings in the Senate, the anchorman on the France 3 state television news at 11 P.M. was describing it as "a lamentable show." In a Page One editorial accompanying the Clinton trial, Le Figaro cried out, "Wake up, Tocqueville, they've gone mad. When you look at the distressing spectacle that American democracy is offering, you say to yourself that the man who described it best must not be very comfortable up there in the heavens."

For Mr. Pfister, who served as spokesman for former Prime Minister Pierre Mauroy in President Francois Mitterrand's first Socialist government and as a writer for Le Monde and Le Nouvel Observateur magazine, there is more political lying in France than in other democracies because its democratic culture is weaker. In this context, he said in an interview, a historical climate of lies involving the reaction of the French to the Nazi occupation, the corruption of the Mitterrand years, makes Bill Clinton's vulnerability for alleged lying under oath an almost eerily matter here.

"That's why the situation is incomprehensible for French public opinion," Mr. Pfister wrote. "Punishing lies — what naïveté!"

See LIES, Page 5

Malaysian Prime Minister Acts to Consolidate Power

By Tom Fuller
International Herald Tribune

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad of Malaysia filled several key government posts Friday with staunch loyalists in a cabinet shake-up intended to further cement his control of the government and its policies.

Mr. Mahathir said Abdullah Ahmad Badawi, a party veteran, will relinquish his post as foreign minister to become deputy prime minister, the second most powerful spot in the government. That post has been vacant since the dismissal in September of Anwar Ibrahim and his subsequent arrest on corruption charges. Mr. Abdullah, foreign minister since 1991, also took the job of home minister,

a position relinquished by Mr. Mahathir, in which he will oversee such key institutions as the police and the press.

The move puts Mr. Abdullah, 59, in a strong position to succeed Mr. Mahathir, 73, who has said he will step down only when Malaysia has recovered from its economic and political turmoil.

A confidant of the prime minister's, Daim Zaimuddin, considered the architect of much of Malaysia's corporate and economic model, was named finance minister, a position he held during the nation's last recession, in the late 1980s.

Mr. Mahathir also said that party elections, scheduled for June, would be postponed for at least 18 months. The party, the United Malays National Organization, had been widely expected to name a deputy president in June to replace Mr. Anwar. Traditionally, the party deputy president is deputy prime minister.

By putting off the party elections, Mr. Mahathir will effectively prevent dissidents in the party from mounting an internal challenge to him before general elections scheduled for April 2000.

Analysts said the delay would give the new ministers, especially Mr. Abdullah, time to prepare for strong challenges it can expect from opposition parties.

"He doesn't want potentially divisive party elections to distract from his economic recovery," said Chandra Muzzafer, professor of political science at the University of Malaya. "He is thinking of the general elections and maybe feels

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AGENDA

U.S. Posts Best Jobless Rate in 4 Decades

The U.S. economy churned out new jobs at an unexpectedly fast clip in December, the government said Friday, pushing the unemployment rate down to 4.3 percent in December, matching a 28-year low, from 4.4 percent in November.

In a burst of year-end hiring, the economy added 378,000 jobs outside the farm sector on a seasonally adjusted basis.

In Detroit, President Bill Clinton said the U.S. was in a period of "economic renaissance."

The report, which marked a four-decade peacetime low in the unemployment rate, was "the longest peacetime expansion in history," he said. (Page 9).

The strong unemployment report also propelled the U.S. stock market into record territory as investors bet that strong job growth would keep the economy expanding and corporate profits increasing. (Page 10).

But in Europe the news was not so good as Germany added to Europe's growing economic pessimism when it reported that unemployment rose back over the 4 million level in December.

With economic confidence across Europe already fragile and economists cutting back growth forecasts, rising jobless totals in Europe's biggest economy threaten to further sour the mood, economists said. (Page 9).

Angola Finds Bodies In UN Plane Wreck

LUANDA, Angola (AFP) — Charred bodies were found in the wreckage of a United Nations charter plane that crashed in a war zone in central Angola on Dec. 26, an Angolan military official said Friday. The Hercules C-130 had been carrying 14 people.

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VIOLENT OUTBREAK — Indonesian security forces clearing the streets of Karawang after a mob of rioters went on a rampage Friday. Page 2.

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Japan	¥ 1,250	U.S. Mail	3-120
Korea	₩ 1,500	Zimbabwe	Zim\$40.00



Blasts at U.S. Embassies: Panel Criticizes Failures in Security

By John Mintz
Washington Post Service

WASHINGTON — A U.S. government commission appointed to investigate why two U.S. embassies in Africa were vulnerable to terrorist bombings has issued a scathing report, criticizing "the collective failure of the U.S. government over the past decade" to prepare for terrorist attacks and to fund adequately security improvements at American embassies.

"Responsibility for this failure can be attributed to several administrations and their agencies, including the Department of State, National Security Council, and Office of Management and Budget, as well as the U.S. Congress," said the report of the panel, headed by retired Admiral William Crowe, former chairman of the Joint Chiefs of Staff.

The report, which was released Friday by the State Department, notes that U.S. intelligence agencies detected a

number of threats of terrorist strikes against the American embassies in Nairobi, Kenya, and Dar es Salaam, Tanzania, in the two years before the nearly simultaneous bombings last Aug. 7 that killed 224 people and wounded 5,000. But the intelligence was too vague to be very useful, the 11-member panel concluded.

Instead, the commission said that U.S. officials have been too reliant on such "warning intelligence," and tended to relax their guard in the absence of intelligence reports describing specific dangers. This has left the country ill-prepared to face "transnational" terrorists such as Osama bin Laden, the Saudi millionaire who U.S. officials believe coordinated the East African attacks, the report said.

Eleven people have been charged along with Mr. bin Laden in federal court in New York in the bombings.

The panel reserved its harshest criticism for U.S. officials' failure to con-

template the possibility of the type of truck bombs that destroyed the two embassies, particularly in light of the 1996 truck bombing of a U.S. Air Force dormitory in Saudi Arabia that killed 19 airmen, and the destruction of the U.S. Marine barracks and the U.S. Embassy in Beirut in 1983.

An official close to Secretary of State Madeleine Albright said: "As she has said before, she takes responsibility for the failures of the department. She has said and says that terrorism has to be a higher priority, and she has talked to counterparts at other agencies in an effort to take action following this collective failure."

"This is not an easy report" for the Clinton administration, said another senior U.S. official. "But our hope is it will help us with addressing the main problem here: an inability to get funding for these security measures."

The Crowe panel, which was appointed by Mrs. Albright and the CIA di-

rector, George Tenet, under a 1996 law requiring such reports after fatal terrorist attacks, recommended that the U.S. government spend \$1.4 billion a year over 10 years to improve security at U.S. diplomatic missions. That is in addition to the \$1.4 billion hurriedly added to the State Department's security budget by Congress and the Clinton administration after the August bombings.

Among its other proposals were a recommendation to bring all overseas U.S. facilities up to the standards recommended in a similar report drawn up in 1985 by a panel headed by Bobby Ray Inman, a retired admiral and former deputy director of the CIA. Since then, about 15 embassies have been upgraded to Mr. Inman's standards.

But in the 1980s, Congress and the Office of Management and Budget refused to spend the billions that Mr. Inman's proposals required. Since then, reductions in the State Department's budget by Congress made the improve-

ments unfeasible, officials have said. The panel praised Prudence Bushnell, the U.S. ambassador to Nairobi, for repeatedly asking superiors at the State Department to build a new embassy there that was up to Mr. Inman's standards as she became increasingly concerned about the many terrorist threats the embassy was receiving.

She called Washington in December 1997 warning of the embassy's "extreme vulnerability," especially because it sits in one of Nairobi's busiest streets, the report said. But officials have replied that because it faced only a "medium" threat of terrorism according to the department's rating system, Nairobi "ranked relatively low among the many other replacement priorities."

The report concluded that "systemic and institutional failures in Washington were responsible for a flawed process for assessing threat levels worldwide which underestimated the threat of terrorism in Nairobi."

BRIEFLY

3 Serb Policemen Killed in Kosovo

PRISTINA, Serbia — Three Serbian policemen were killed and three civilians were wounded Friday in a shooting incident in Kosovo.

Sandy Blyth, a spokesman for the Organization for Security and Cooperation in Europe, said the shooting occurred in the town of Suva Reka, 40 kilometers (25 miles) southwest of the regional capital, Pristina.

The Tanjug news agency quoted Serbian police sources as saying the policemen were killed when "terrorists" fired at their armored car with grenade launchers. The Serbs use the term "terrorists" for the ethnic Albanian Kosovo Liberation Army. (Reuters)

French Teachers Strike Over Scarves

FLERS, France — Teachers at a junior high school in western France went on strike Friday to protest a decision to allow Muslim girls to wear traditional Islamic head scarves.

The majority of the teachers in the Jean Monnet Junior High School in the town of Flers stayed away from work Friday despite efforts by a government mediator to stave off the strike.

The teachers are protesting a decision by the school authorities to let two Turkish girls wear head scarves in class. A compromise that would allow the girls to wear the scarves only on the playground did not satisfy the teachers. The conflict is the latest episode in the debate over how to uphold the secular nature of France's public education system. (AP)

D'Alema and Pope In 'Historic' Talks

ROME — Prime Minister Massimo D'Alema, a former Communist leader, met Pope Paul II at the Vatican on Friday, an official visit widely seen as symbolic of a new reconciliation between Roman Catholics and former Communists.

Italian media termed the move "historic" for a country with a strong Catholic tradition as well as Europe's most powerful Communist Party.

Mr. D'Alema, in office since October, is the first prime minister in Italy's history to come up from the ranks of the Communist Party. "I felt great emotion," Mr. D'Alema said after his 25-minute meeting with the Pope.

Later, Mr. D'Alema and members of his staff had a working meeting with the Vatican's secretary of state, Cardinal Angelo Sodano, on details of the millennium celebrations. (AFP)

Citizenship Squabble Splits Conservatives in Germany

Reuters

BONN — Germany's opposition conservatives broke ranks Friday over plans to mobilize people against Chancellor Gerhard Schröder's proposed revisions to citizenship laws.

The dispute erupted as leaders of the Christian Democratic Union, or CDU, leaders gathered for a weekend meeting to chart the center-right party's strategy in opposition over the next four years.

The party leader, Wolfgang Schäuble, who took over from former Chancellor Helmut Kohl, played down reports that the opposition was split over plans to organize a public petition against Mr. Schröder's proposal to give citizenship to millions of foreigners in Germany.

The proposed revisions have ignited an emotional debate about "who is a German" in a country where citizenship is based on a blood-line law of 1913.

Several center-right Christian Democratic members criticized the petition as pandering to the right wing. The petition was the brainchild of Edmund Stoiber, head of the party's ally in Bavaria, the Christian Social Union, or CSU.

They accused Mr. Schäuble of al-

lowing the Christian Social Union to set the agenda for the entire opposition and said the Christian Democrats needed to recapture the center ground after its defeat by Mr. Schröder's Social Democrats in September.

"Obviously, the CSU is going for the rightist fringe and the politics of the bar room," said a Christian Democratic on the national committee, Hermann-Josef Arentz.

"The CDU will not go along this path."

Another Christian Democratic member, Horst Eymann, accused Mr. Schäuble of caving in to the right. "Schäuble is letting himself be driven by Stoiber," he told the newspaper Handelsblatt.

The Christian Democratic Union's secretary-general, Angela Merkel, called on both parties to stop fighting. She also acknowledged the risk that extreme rightists and anti-foreigner groups could jump on the petition bandwagon when the opposition took its campaign to the streets.

"We must be careful that we do not acquire the wrong sort of friends," Ms. Merkel told ARD state television.

Warning by Jewish Leader

A German Jewish leader stepped into the national dispute, warning in an interview Friday that it had given a dangerous boost to far-right groups, Agence France-Presse reported from Bonn.

Ignatz Bubis, chairman of the Central Council of Jews in Germany, spoke after extreme-right groups said they would back the opposition to the government plan to offer long-term foreign residents dual nationality.

The conservative parties' petition against the plan was counterproductive, he said, and would encourage xenophobia and bolster extreme-right groups.



Indonesian soldiers dispersing looters who ransacked a clothing store during the riots Friday in Karawang.

Violence Erupts in Indonesian Town

The Associated Press

KARAWANG, Indonesia — Thousands of people rampaged Friday through this Indonesian town, hurling stones at police stations and looting shops. Police fired plastic bullets at the mobs, killing at least one person and wounding nine.

Rioters in Karawang, on the main island of Java, banged drums, burned a motorcycle, taunted security forces and threw bricks.

They smashed the windows of a bank, a hotel, two Protestant churches and attacked the home of an ethnic Chinese businessman.

"This is because of the government," one man said, reflecting the deep public mistrust of the state that has emerged in the past year.

But much of the violence lacked any political motive, with looters cheering

and grabbing shoes, candles and umbrellas from stores.

Dozens of rioters were arrested, including one soldier dressed in civilian clothing, the police chief, Colonel Ahmad Hidayat, said. He did not say why the soldier was involved.

Civil unrest plagued the Southeast Asian country of 210 million last year and shows no signs of abating.

In May, deadly riots and student protests led to the ouster of President Suharto after 32 years of rule, and authorities fear an escalation of violence before national elections in June.

The riots in Karawang, 60 kilometers (40 miles) east of Jakarta, broke out Friday after rumors spread that the police had mistreated motorcycle drivers who ferry passengers for a living.

Mobs broke down the door of a department store and looted goods, Col-

onel Hidayat told the private Sonora radio news station.

The crowd swelled and attacked the police headquarters and other posts, forcing the police to fire.

A 19-year-old high school student was shot and killed, said Rosid, a medic in the emergency room at the main town hospital. Nine people were wounded by gunfire and mobs beat two others.

The city center was quiet by late Friday afternoon, but the police fired warning shots and chased small bands of rioters after dark.

Officers patrolled with megaphones, urging people to stay in their homes.

Indonesia's riots have been linked to economic hardship, ethnic and religious tensions and political turmoil. Many people also are suspicious of the armed forces, which have acknowledged human rights abuses during the Suharto era.

Furious Travelers Sue Northwest for 9-Hour 'Detention'

Agence France-Presse

DETROIT — Thousands of passengers trapped in Detroit on Northwest Airlines planes for up to nine hours without food or water during the weekend storm have filed a class-action lawsuit against the airline, the city airport, and Wayne County authorities.

The lawsuit alleges that the airline failed to rescue the trapped passengers or allow them to leave the aircraft after several hours of what they said amounted to forced detention.

About 3,000 travelers heading home after the Christmas and New Year's holidays were stranded at the Detroit airport over the weekend.

On Sunday, many waited up to nine hours to disembark because only 3 of Northwest's 60 gates were functioning. At the other 57 gates, airplanes were snowed in or equipment was frozen to the ground. Only about 30 of the airline's regularly scheduled 500 daily flights were able to take off.

The plaintiffs included Timothy Koczura and his wife, Susan, who said they were detained for eight hours with their two children on a Northwest aircraft without food or water. They said that passengers had to cope with overflowing toilets and that parents of infant children ran out of diapers and baby food.

Northwest officials said they could not be held responsible for the vagaries of the weather.

Sierra Leone Rebels Vow to Take Airport in New General Offensive

Reuters

ABIDJAN, Ivory Coast — Rebels in Sierra Leone said Friday they had declared a general offensive against Nigerian-led West African forces in the capital, Freetown, and the Nigerian military base at nearby Lungi Airport.

The offensive was set in motion Thursday night, the rebel commander, Sam Bockarie, said by satellite telephone from Sierra Leone.

"My men are on the move," he said, adding, "We will take Lungi."

The heavily fortified Lungi Airport is where President Ahmad Tejan Kabbah has been sheltering since rebels fought their way into the capital on Wednesday. Many of the ministers of his government also are at the airport.

Mr. Bockarie is the most senior member of the Revolutionary United Front after its leader, Foday Sankoh, who is under arrest. Mr. Sankoh has been sentenced to death for treason.

The rebel commander said his fighters would pin down the Nigerians until they ran out of ammunition and surrendered, as they did during fighting over a Nigerian-held hotel in Freetown in June 1997.

"We will suppress them until they are out of food and ammunition," he said, "and later they will surrender and we will negotiate how to repatriate them."

He dismissed as fake a cease-fire order from Mr. Sankoh, broadcast Thursday night on the pro-government radio.

The recording, he said, had been made by Mr. Sankoh in 1996, calling on fighters in the bush to join in a cease-fire after he signed a short-lived peace agreement with Mr. Kabbah.

The broadcast followed a meeting between Mr. Kabbah and Mr. Sankoh. The president said they had agreed on a seven-day long truce, and that Mr. Sankoh would be released if the truce



President Ahmad Tejan Kabbah at Lungi Airport, where he has been with government ministers since guerrilla forces entered Freetown.

and other conditions were met. But Mr. Bockarie said: "What I heard from Kabbah last night made me intensify my offensive. He is not the one to call for a cease-fire."

How Many Galaxies Up There? New Census Finds 125 Billion

By John Noble Wilford
New York Times Service

AUSTIN, Texas — Taking a census of the galaxies in the universe is like counting the grains of sand on a beach. Even with leaping extrapolations, the task is probably impossible, and the numbers become, well, astronomical.

Undaunted, astronomers studying new pictures taken by the Hubble Space Telescope announced at a meeting of the American Astronomical Society here an updated estimate of the number of galaxies in the observable universe: 125 billion. As recently as three years ago, the count was only 50 billion, which was subsequently raised to 80 billion.

The new figure reflects not a spurt in galactic births, of course, but instead an improvement in the Hubble telescope's ability to peer deep into the universe, back closer to the first epoch in which matter coalesced into stars and stars

congregated in vast galaxies. The new observations have detected some faint galaxies so far away that they were probably formed when the universe was no more than 1 billion years old.

Henry Ferguson, an astronomer at the Space Telescope Science Institute in Baltimore, said the new galaxy estimate was derived from the Hubble telescope's observations of a small patch of southern sky taken over a 10-day period in October. The pictures, called the Hubble Deep Field South, were a sequel to a similar survey of a part of the northern sky made in late 1995.

The southern survey was able to get a deeper cosmic view because of two new instruments on the Hubble telescope. One is a camera for recording objects seen in near-infrared light; it can detect galaxies otherwise obscured by dust. The other instrument was an imaging spectrograph that produced some of the deepest optical pictures ever taken.

TRAVEL UPDATE

BA Fleet to Carry Heart Monitors

LONDON (AP) — British Airways said Friday it would install heart monitors and cardiac-resuscitation devices on all its aircraft within a year, becoming the first international airline to do so.

Data from the cardiac monitors would be transmitted to medical experts on the ground, who would advise cabin staff about treatment. Defibrillators would be used to check heart rhythms and, if necessary, apply an electric shock to reset the heart rate of affected passengers.

The airline will begin training 14,500 crew members to use the equipment next month, and the first machines will be installed on long-haul jets in April.

A five-day-old rail strike in Hungary ended Friday after a court declared it illegal, but the radical Free Union of Rail Workers said it would appeal the ruling. Two unions came to terms with management Sunday after wage talks, and most domestic trains were running. Hungarian Railways said international rail services, with the other two rail unions working, would be back to normal within 12 hours. (AP)

Birds are threatening aircraft at International Airport in Beijing, interfering with flight paths and even forcing the airport to suspend operations on one occasion, despite more than \$360,000 spent on equipment to scare the birds off, according to the Xinhua press agency. (AP)

Delta Air Lines said that it would stop flights from Portland, Oregon, to Seoul because of weak economic conditions in Asia but that 11 other flights from the United States to South Korea would continue under a code-sharing agreement with Korean Air. (Reuters)

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



Legend: sunny, partly cloudy, cloudy, showers, thunderstorms, rain, severe storms, snow, ice, fog, wind.

North America			
City	High/Low	High/Low	High/Low
Albuquerque	72/50	72/50	72/50
Anchorage	45/35	45/35	45/35
Atlanta	65/45	65/45	65/45
Boston	45/35	45/35	45/35
Chicago	55/35	55/35	55/35
Dallas	75/55	75/55	75/55
Denver	65/45	65/45	65/45
Detroit	45/35	45/35	45/35
Houston	75/55	75/55	75/55
Los Angeles	75/55	75/55	75/55
Madrid	75/55	75/55	75/55

Asia

City	High/Low	High/Low	High/Low
Algeria	75/55	75/55	75/55
Amman	75/55	75/55	75/55
Beijing	75/55	75/55	75/55
Bombay	75/55	75/55	75/55
Buenos Aires	75/55	75/55	75/55
Calcutta	75/55	75/55	75/55
Cairo	75/55	75/55	75/55
Chengdu	75/55	75/55	75/55
Colon	75/55	75/55	75/55
Dhaka	75/55	75/55	75/55
Hong Kong	75/55	75/55	75/55
London	75/55	75/55	75/55
Manila	75/55	75/55	75/55
Moscow	75/55	75/55	75/55
New Delhi	75/55	75/55	75/55
Paris	75/55	75/55	75/55
Rangoon	75/55	75/55	75/55
Seoul	75/55	75/55	75/55
Singapore	75/55	75/55	75/55
Taipei	75/55	75/55	75/55
Tokyo	75/55	75/55	75/55
Yokohama	75/55	75/55	75/55

Africa

City	High/Low	High/Low	High/Low
Algeria	75/55	75/55	75/55
Amman	75/55	75/55	75/55
Beijing	75/55	75/55	75/55
Bombay	75/55	75/55	75/55
Buenos Aires	75/55	75/55	75/55
Calcutta	75/55	75/55	75/55
Cairo	75/55	75/55	75/55
Chengdu	75/55	75/55	75/55
Colon	75/55	75/55	75/55
Dhaka	75/55	75/55	75/55
Hong Kong	75/55	75/55	75/55
London	75/55	75/55	75/55
Manila	75/55	75/55	75/55
Moscow	75/55	75/55	75/55
New Delhi	75/55	75/55	75/55
Paris	75/55	75/55	75/55
Rangoon	75/55	75/55	75/55
Seoul	75/55	75/55	75/55
Singapore	75/55	75/55	75/55
Taipei	75/55	75/55	75/55
Tokyo	75/55	75/55	75/55
Yokohama	75/55	75/55	75/55

Oceania

City	High/Low	High/Low	High/Low
Algeria	75/55	75/55	75/55
Amman	75/55	75/55	75/55
Beijing	75/55	75/55	75/55
Bombay	75/55	75/55	75/55
Buenos Aires	75/55	75/55	75/55
Calcutta	75/55	75/55	75/55
Cairo	75/55	75/55	75/55
Chengdu	75/55	75/55	75/55
Colon	75/55	75/55	75/55
Dhaka	75/55	75/55	75/55
Hong Kong	75/55	75/55	75/55
London	75/55	75/55	75/55
Manila	75/55	75/55	75/55
Moscow	75/55	75/55	75/55
New Delhi	75/55	75/55	75/55
Paris	75/55	75/55	75/55
Rangoon	75/55	75/55	75/55
Seoul	75/55	75/55	75/55
Singapore	75/55	75/55	75/55
Taipei	75/55	75/55	75/55
Tokyo	75/55	75/55	75/55
Yokohama	75/55	75/55	75/55

Risk for Prosecution: Calling Witnesses Sympathetic to Clinton

By Ruth Marcus
Washington Post Service

WASHINGTON — The House prosecutors fought an all-out battle for the right to call witnesses against President Bill Clinton, but their trial strategy, while perhaps the only long-shot avenue to convict the president, also presents risks to their side.

In a dispute that startled the Senate for days, the 13 House managers appointed to prosecute the trial of the president insisted they must call key players to the stand to prove their charges that Mr. Clinton perjured himself and obstructed justice. Democrats and the White House say that this would achieve nothing, needlessly prolong the proceedings and, not incidentally, hurt Mr. Clinton politically in a case that involves salacious sexual details.

"What this has been about for some members of Congress from the beginning is trying to inflict damage on the president,

and I think that probably is at the root of this decision," the White House press secretary, Joe Lockhart, said Thursday. The House Judiciary Committee's chief Democratic counsel, Julian Epstein, called the move "a political calculation by the right wing to further tarnish a popular president."

But House managers and some legal experts say it would be irresponsible and not consistent with the constitutional mandate that the Senate conduct an impeachment trial without hearing directly from those involved, including such central players as Monica Lewinsky, Vernon Jordan Jr. and Betty Currie. Witnesses are "what humanizes this case," said Representative Asa Hutchinson, Republican of Arkansas. "That's what puts meat on the bones."

The argument represents a reversal of the partisan positions staked out last year as the House conducted its impeachment proceedings. Then, House Judiciary Committee Democrats protested bitterly that it

was irresponsible to approve articles of impeachment against the president without hearing directly from the witnesses against him, while Republicans said there was no need to retake testimony already gathered by the independent counsel, Kenneth Starr.

Now, the House managers say, the time has come to hear from the witnesses themselves rather than simply read transcripts of their grand jury appearances and FBI interviews.

"This is not like the House," said Representative Chris Cannon, Republican of Utah. "We ought to be able to present the evidence and the president ought to be able to cross-examine because these are serious allegations."

Facing an uphill battle to secure a conviction, the prosecutors in one sense have little to lose by mounting a full case against Mr. Clinton.

"Let's face it, right now the Republicans feel they're behind in terms of the votes. This is a chance to turn things

around," said Alan Baron, who helped prosecute the two most recent impeachment cases, against Judges Alcee Hastings and Walter Nixon Jr.

Terence Anderson, who represented Judge Hastings during his 1988 impeachment, said that if he were a House manager, "I would want this to go on as long as possible. If it goes on long enough, maybe Clinton will stumble, maybe the economy will drift, maybe something will blow up." He said, "You keep going until you have your best shot to have the votes."

Robert Giffra Jr., former chief counsel to the Senate Whitewater Committee, said, "The argument for calling witnesses is that if you don't call witnesses, the result of the impeachment trial is preordained: There will be no removal of the president. The only way that dynamic could change is if witnesses could testify and that somehow changed the mind of senators."

At the same time, however, summoning witnesses is risky business, both legally and politically.

"Calling witnesses will pour kerosene on an already burning fire and who will get burned by the explosion that ensues is anyone's guess," Mr. Giffra said. "It could lead to the president's removal from office or resignation or it could lead to a strong rebuke for the Republicans in 2000. Because once you start calling witnesses the dynamic of this whole matter will change completely."

The danger of calling witnesses is magnified by the lineup in this particular case, in which the critical witnesses who would be called by prosecutors to try to prove their case against Mr. Clinton are highly sympathetic to the accused.

At the top of that list are Mr. Jordan, a Clinton confidant, and Mrs. Currie, the presidential secretary, who would be central to proving the allegation that Mr. Clinton obstructed justice by arranging to obtain a job for Ms. Lewinsky and having her hide presents she received from him when they were subpoenaed in the Paula Jones civil suit.

Other possible witnesses in the House's obstruction-of-justice case include a parade of the president's senior advisors to whom he allegedly lied and thereby obstructed justice, knowing they would repeat his false statements to the grand jury.

"This is a prosecutor's nightmare," said Gerard Lynch, a Columbia University law professor. "You put on the witness who is more a friend of the other side."

Indeed, since Mr. Jordan and Mrs. Currie, like the other witnesses, have not yet been subjected to cross-examination, much of what prosecutors were able to obtain from those reluctant participants in the grand jury could be undermined once Mr. Clinton's lawyers get the chance to question witnesses friendly to their client.

The testimony already on the record is "as good as it gets from the managers," Mr. Baron said. "Once the witnesses are subject to cross-examination, given the fact that they are inherently not hostile to the president, whatever the managers think they have at this point could very well be eroded to the point where there's nothing left."

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APR

Wiley Friend Who Recanted Is Indicted

By Jill Abramson
New York Times Service

WASHINGTON — Kenneth Starr, the independent counsel, has brought a four-count indictment against Julie Blustein, a Richmond, Virginia, woman who cast doubt on accusations by Kathleen Willey that President Bill Clinton had made an unwelcome sexual pass at Mrs. Willey.

A federal grand jury in Virginia that has been hearing evidence of possible witness tampering involving Mrs. Willey charged Mrs. Steele with three counts of obstructing justice and one count of making false statements.

The indictment charged Mrs. Steele, who was once a close friend of Mrs. Willey's, with filing a false affidavit in the Paula Jones sexual-misconduct lawsuit against Mr. Clinton. In that affidavit, Mrs. Steele denied that Mrs. Willey had ever told her that the president had made a sexual

advance to her in the White House. Mrs. Steele said last year that Mrs. Willey had pressed her to confirm her story, that the president had made an aggressive pass at her in 1993, to a Newsweek reporter who was looking into the matter in 1997. As a favor to her friend, Mrs. Steele said, she did initially, but later recanted.

Her disavowal of Mrs. Willey's account was an impediment to making it part of the independent counsel's impeachment referral to Congress.

In his deposition in the Jones case and in his grand-jury testimony, the president denied making a sexual advance to Mrs. Willey, who had been a volunteer at the White House.

The Virginia grand jury decided that it was Mrs. Steele, not Mrs. Willey, who lied. The indictment cites two friends of Mrs. Steele's, listed as John Doe No. 1 and Jane Doe No. 2, who said Mrs. Steele had told them that Mr. Clinton had made sexual

advances toward Mrs. Willey.

Nancy Luque, a lawyer for Mrs. Steele, denounced the indictment and its timing, on the opening day of the Clinton impeachment trial.

"Starr has clearly timed this baseless accusation in a transparent attempt to unfairly influence the pending impeachment proceeding," Mrs. Luque said. "The indictment is a back-door attempt to put Kathleen Willey's immunized claims before the public, something Starr was afraid to do in his referral to Congress."

Charles Bakaly 3d, a spokesman for the office of the independent counsel, dismissed Mrs. Luque's claims. "We bring cases when the cases are ready," he said. Each obstruction charge carries a maximum penalty of 10 years in prison and \$250,000 in fines.

The false-statement charge carries a maximum penalty of five years in prison and \$250,000 in fines.



A federal grand jury has charged Julie Blustein Steele with obstructing justice and making false statements.

Bogota Backs Talks Despite Slight

By Serge F. Kovaleski
Washington Post Service

MIAMI — Colombian officials said they were disappointed that the head of the largest rebel group in the country had not attended peace talks aimed at ending a 34-year-old civil war, but they signaled that the negotiations would continue.

Manuel (Sureshot) Marulanda, longtime head of the Revolutionary Armed Forces of Colombia, had been expected Thursday at the opening of discussions in San Vicente del Caguan, in southern Colombia. It would have been the first public appearance in decades by

the guerrilla leader, 68, who has spent most of his life in hiding.

But apparently because of threats from rightist death squads, neither he nor his closest aide and top military strategist, Jorge Briceño, attended the opening ceremony in the main plaza of San Vicente. President Andres Pastrana sat alone beside an empty seat that had been reserved for Mr. Marulanda.

Some observers interpreted the absence of Mr. Marulanda as a sign that the 15,000-member leftist rebel group, the oldest and most powerful in the Western Hemisphere, is losing interest in discussing peace at a time when it has been gaining strength.

The recently elected president, 44, vowed to push ahead with the peace talks. "I have confidence in San Vicente del Caguan to keep my word," Mr. Pastrana said. "The presence of Manuel Marulanda Velez cannot be a reason to not go forward with the installation of the negotiating table."

The talks are to establish an agenda and location for full-scale negotiations later this year aimed at ending the war. The conflict in Colombia has claimed tens of thousands of lives, displaced hundreds of thousands of people and cost an estimated \$4 billion a year.

To prepare for these talks, the government last month completed the pullout of its troops from San Vicente and a surrounding area the size of Switzerland, one of a number of concessions it made to the rebels last year.

But for Mr. Pastrana, the task of achieving peace in Colombia, where about half of the countryside is controlled by guerrillas, will involve more than satisfying Revolutionary Armed Forces rebels. Agreements also would have to be worked out with second-largest rebel group, the 5,000-member National Liberation Army, and with right-wing paramilitary groups. And Colombia's powerful military would have a say in any brokered peace accords.

Mexican Army Arrests 5 Dissident Officers

New York Times Service

MEXICO CITY — Five dissident army officers who tried to deliver to President Ernesto Zedillo a letter complaining of abuses of soldiers by army commanders have been arrested by Mexican military authorities, the army's top prosecutor said.

The five lieutenants were facing disciplinary hearings on earlier charges and were arrested when they reported Thursday to the main army base in Mexico City, said Alberto Enriquez del Valle, a retired army captain who knows them.

The five took part in a December street demonstration by a newly formed organization of dissident officers.

General Marcial Rafael Macedo, the army's top prosecutor, said that the lieutenants had been arrested by their superior officer for "administrative violations." He said he did not know their whereabouts.

Away From Politics

• Skiers and snowboarders should wear helmets, the government says in a new report by the Consumer Product Safety Commission intended to "help prevent fatal accidents." (AP)

• The young woman who was shot and killed by police officers as she sat in her disabled car in Riverside, California, was over the legal limit for blood-alcohol content, according to initial toxicology results released by the Riverside County coroner's office. The woman, Tyisha Miller, 19, was struck at least 12 times when several Riverside police officers opened fire on Dec. 28. Police officers have said she grabbed for a gun in her lap. (NYT)

• Attorneys defending an anti-abortion Web site that checks off slain abortion doctors like items on a grocery list say it is merely a form of political protest, not a blueprint for murder. (AP)

• A bacterial outbreak linked to a Michigan meat processing plant has claimed eight lives, federal officials reported. The outbreak has also sickened 50 people in 11 states since August, the Centers for Disease Control and Prevention said. Healthy people can usually fight off the bacteria with no more than flu-like symptoms. (AP)

Paul Zoll Dies; Research Led to the Pacemaker

The Associated Press

NEWTON, Massachusetts — Dr. Paul Zoll, 87, a heart specialist whose research led to the pacemaker and the defibrillator, died of respiratory arrest Tuesday. More than 45 years ago, Dr. Zoll showed for the first time that electrical stimulation could restart human hearts. His research aided the development of the electrocardiogram and open-heart surgery.

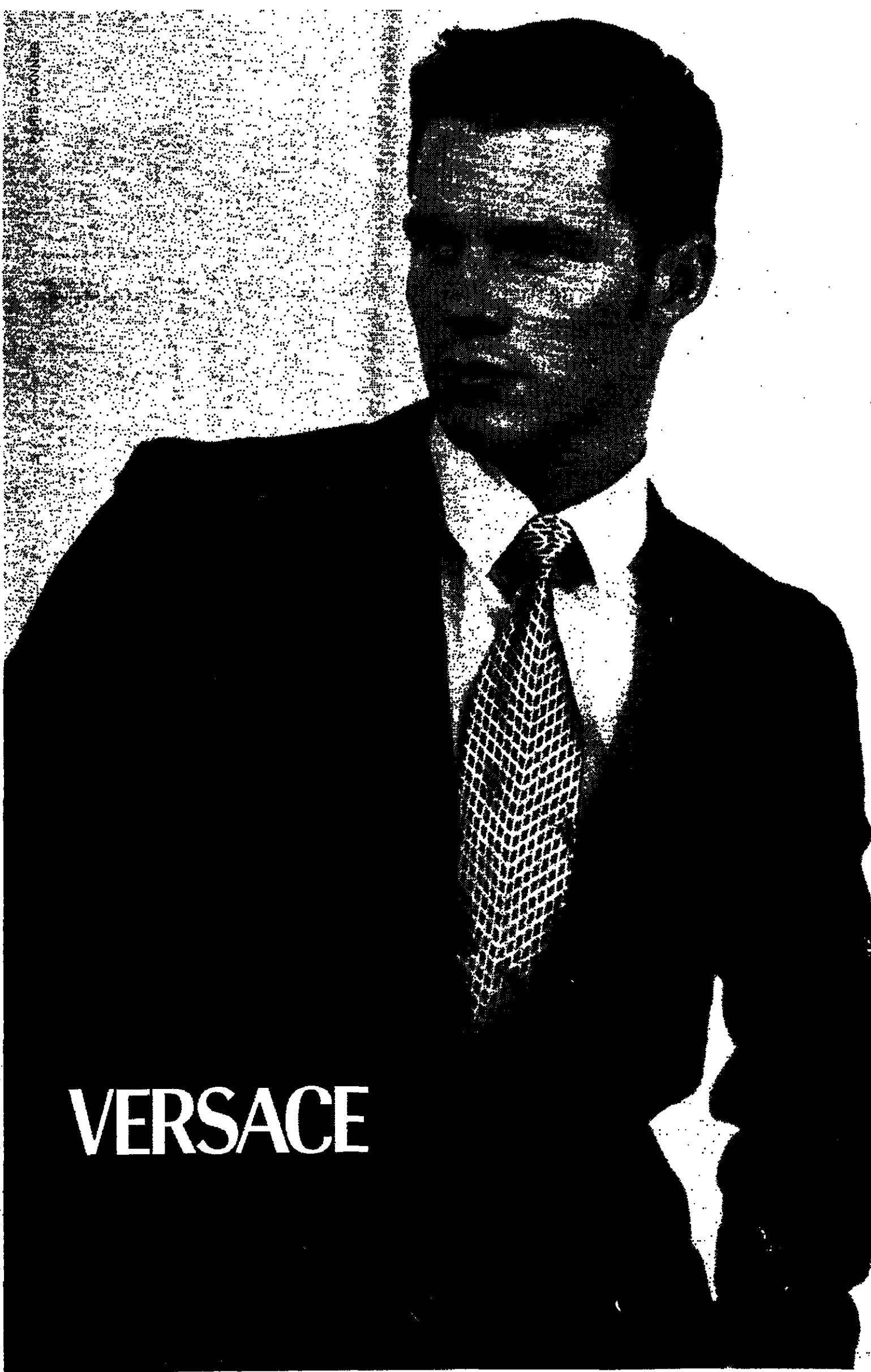
In 1973, he won the Albert Lasker Clinical Medical Research Award, a leading scientific prize, for contributions to those devices.

Dr. Zoll was a clinical professor at Harvard Medical School and a physician at Beth Israel Hospital in Newton. In 1956, he was named associate editor of the medical journal *Circulation*. In the early 1980s, he founded Zoll Medical Corp., which manufactured defibrillators.

Norman Reyes, a Voice of Resistance on Bataan MANILA (AP) — Norman Reyes, 76, a Filipino-American radio broadcaster who was the voice of the resistance on Bataan Peninsula during World War II, died Thursday in San Pablo, south of Manila. He had been bedridden for several months following a stroke.

Mr. Reyes was one of two men who operated a guerrilla radio station in Bataan, west of Manila, to rally Philippine and American defenders of the peninsula against Japanese raiders.

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PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Senate Takes Over

A Responsible Outcome

After the strife in the House, the opening of the Senate trial of President Bill Clinton reassuringly looked decorous. Senator Strom Thurmond, who was born only 34 years after Andrew Johnson's impeachment, swore in the big, calm-looking chief justice, William Rehnquist. Then after a period of turmoil over the issue of calling witnesses, the majority leader, Trent Lott, and his Democratic counterpart, Tom Daschle, ended the day by announcing a plan to seek agreement on rules for the trial.

The leaders' decision to tamp down party feuding and call a bipartisan caucus of all senators brought a surprisingly promising end to a grimy historic day. It is too early to declare that this marks the emergence of a rational statesmanship that has been missing in the House and at the White House. But the Senate has a momentous opportunity to adopt rules that would shorten the trial, avoid months of redundant testimony and allow passage of a censure that the public and the evidence demand.

We are especially impressed that the Senate leadership has stood up to the effort by the House impeachment managers to dictate the calling of multiple witnesses. Procedure is solely the province of the Senate.

The Democrats' plan to hear prosecution and defense arguments on the written record and call no witnesses at all is the best way to go. This would not amount to suppression of evidence, since the House Judiciary Committee has no relevant new evidence to offer. Mr. Lott failed last week in his effort to get the Republicans to accept a trial on the written record. Even so, he has sent an important signal by saying that witnesses should be called only with

"justification." This hints at a compromise that would limit testimony and require a majority vote to authorize each person called.

That suggests that both leaders will work to avoid what Mr. Lott called "a cavalcade of witnesses" that would bog the trial down for months without producing any new information about Mr. Clinton's misdeeds.

By seeking to call witnesses, the managers from the House Judiciary Committee hope to make one last stab at turning public opinion toward removal rather than censure. But the House case was argued exhaustively on national television. A consensus formed that has been endorsed by the public and a majority of the Senate. Bill Clinton failed in his duties to the presidency. He lied under oath. His private character is deeply flawed.

The offenses documented by Kenneth Starr and put in the most damning context possible by the Judiciary Committee do not rise in magnitude to the constitutional standard for removal from office.

Mr. Clinton's misconduct merits stern, formal censure but is not sufficiently damaging to the interests of the state to merit overturning an election.

Neither a lengthy trial nor another rendition of the same dismal testimony will add to Mr. Clinton's disgrace. Both the American system and public patience are strong enough to stand two more years of the disappointments stemming from this president's failings. But the public wants and needs a demonstration that even when the White House is shaken, the Senate has the stability to behave responsibly. A fair, expeditious proceeding producing the obviously called-for censure is the way to send that reassurance.

—THE NEW YORK TIMES

Hopes for Compromise

The Senate trial of President Bill Clinton has begun amid continued confusion over the sort of format that would govern it. The White House and Senate Democrats are seeking a procedure that would prevent the calling of witnesses before an early vote on whether a full trial should take place at all. The House impeachment managers and many Senate Republicans, meanwhile, are insisting on a fuller trial that would include witnesses. The partisan lines that are forming early around these procedural questions are dispiriting, although last night Senate leaders still held out hope of a compromise. Still, the reality is that both sides raise real concerns that, if unaddressed, could undermine the ultimate legitimacy of whatever the Senate finally achieves.

Those who favor calling witnesses argue accurately that the Senate owes the House of Representatives the respect of considering seriously the articles of impeachment it has sent over. The House, in our opinion, erred in its decision to impeach Mr. Clinton. But an impeachment by the House demands of the Senate a proceeding of sufficient rigor to satisfy the more moderate of Mr. Clinton's political foes — should the president ultimately be acquitted — that the Senate, at the least, did not shirk its obligation to face up to his odious conduct. For this reason, House managers should be given an opportunity to present senators with the case against Mr.

Clinton in a manner that does not trivialize his behavior by trivializing its presentation.

While we believe that the allegations against Mr. Clinton — even if proved — should not trigger his removal, many people legitimately disagree with this view. The facts that could be developed more fully at trial are, therefore, no mere sideshow. As long as a majority of senators believe that additional testimony is necessary in order to inform their final votes, it seems reasonable to permit whatever witnesses the House wishes to call.

But this does not mean the Senate should hear lots of testimony that, while embarrassing to the president, is not necessary in order to inform its final judgment. Just as the trial's legitimacy depends on whether senators give a fair hearing to the House, it also depends on whether they refrain from dragging out the trial to beat up on the president for political reasons. The Senate can and should end the trial as soon as a majority of senators become convinced that hearing from more witnesses will not aid them in their determinations of how to vote.

The Senate trial, whatever procedure it uses, will be seen as legitimate if senators end up hearing the House's case adequately to make an informed judgment on its merits without letting partisan concerns — or, for that matter, concerns about convenience to the Senate or the country at large — artificially lengthen or shorten its deliberation.

—THE WASHINGTON POST

The Children of Sierra Leone

A nightmare is unfolding in the civil war in Sierra Leone. The fighting is now overwhelming what national forces of order remain, leaving a desperate civilian population abandoned and defenseless. An international force does what it can. Perhaps the worst of it is the broadening threat to the children of Sierra Leone as their villages and families disintegrate around them. The boys among them, some 7 years old and younger, are being kidnapped, to be press-ganged into military service, meaning in some cases being compelled to clear paths with their bodies through unmarked mine fields. Young girls face all-too-imaginable horrors of their own from the outlaws now besieging the capital of Freetown.

Perhaps the poorest country in the world, Sierra Leone elected a government in 1996. It was overthrown a year later by a junta made up of murderous soldiers and machete-wielding rural guerrillas. Last February, units loyal to the government and Nigeria-led

forces of a West African intervention force restored the government. But now the junta is back with a fresh offensive, ravaging the people and demanding that the government surrender. Foreign diplomats and humanitarian workers are being forced out of the country. The further dispiriting prospect is that the civilians returning to rule in Nigeria may be less able than Nigeria's generals to stay on police duty in Sierra Leone.

One's eye roams the international scene in frantic quest of a government, an agency, a stronger international force, a presence, someone, something, that could at the least bring some safety for the threatened people of the country. It is not the only place in the world, or even in Africa, to confront such an ordeal. The least others can do is to rescue those innocents it can and promise to remember who did terrible things to an innocent population, especially to the children of Sierra Leone.

—THE WASHINGTON POST

It's Time for the U.S. to Face the 'Superthug' Alone

By Jim Hoagland

WASHINGTON — Forget Barzan. It is Barzan you want to enlist. And watch your back at the United Nations. Kofi Annan's staff is out to knife American policy on Iraq and "rehabilitate" Saddam Hussein.

This is the way 1999 starts for President Bill Clinton in his long, expensive and inconclusive battle with Saddam. But the three resolutions put forward above, which require Mr. Clinton to force the hand of other players in this drama, could bring a blessedly unhappy New Year for the Iraqi dictator.

Barzan is Barzan Tikriti, Saddam's half-brother. Before returning to Baghdad in November from a diplomatic posting in Europe, he had conducted an elaborate covert dialogue with the United States for five years, which provided his family with U.S. visas and medical treatment in hopes of persuading Mr. Barzan to mount a palace coup. This misguided effort, which inhibited other anti-Saddam operations, should be ended.

U.S. energy and funds should instead be focused on the Kurdish leader Masoud Barzani, whose warriors and real estate are needed to mount an effective challenge to Baghdad. Mr. Barzani must be made to understand that he will get serious U.S. support and protection —

but only if he breaks out of the working alliance he has maintained with Saddam since 1996 and joins a new U.S.-supported resistance coalition.

Washington needs to take the same "it is time to choose" approach with Secretary-General Kofi Annan of the United Nations, whose assistants this week used the media to try to decapitate the UN Special Commission, or Unscoc, that runs arms inspections in Iraq and to make these inspections more Saddam-friendly.

Mr. Annan's staff aired anonymous complaints that the chief inspector, Richard Butler, had permitted the organization to be used by U.S. intelligence for spying on Saddam.

The secretary-general's assistants seemed shocked, yes, shocked, that an anti-Saddam bias had crept into UN actions on Iraq.

Leave aside the barmy information: Out of professional rivalry, the Central Intelligence Agency has done more to hinder effective intelligence gathering by Unscoc than to help. More shocking is the pretense by Mr. Annan's aides that they are unaware that the international community is at war with

Saddam's regime. Iraq was granted a cease-fire in the Gulf War on condition that it give up its weapons of mass destruction and missiles. Iraq's refusal to let Unscoc do its work puts Baghdad in active breach of the cease-fire contained in UN resolutions.

This is not a technical matter or a legalism. Saddam forced the United States to spend billions of dollars and stretch thin its armed forces in 1998, all without seriously weakening his dictatorship or his store of terror weapons. His new burst of belligerence is intended to show that he survived the 70-hour bombing spree in December. Superthug lives.

Mr. Annan's people misjudge the temper of Washington on this issue.

Their undermining of Unscoc and economic sanctions will drive people who want to clear up the problem of U.S. back dues and other problems into the confrontation camp and provoke a serious U.S.-UN crisis, a senior administration official said to me recently.

The White House, already miffed with Mr. Annan over his handling of Iraq, will fight to protect Mr. Butler, a senior official told me this week.

The sneak attack on Mr. Butler and the CIA should be a wake-up call: Washington now will have to rely less

on multilateral efforts to contain and combat Saddam and act unilaterally more often to protect U.S. vital interests abroad in 1999.

Mr. Clinton should treat this development as a liberation from both sides' restraints on U.S. freedom of action. He is considering appointing a high-level coordinator to handle Iraq, a step in the right, unilateralist direction.

The need now is to lead, not to persuade. Other nations will follow an American president who makes clear he will protect U.S. national interests in the Gulf or elsewhere by any means necessary. This is what George Bush did in 1991.

Mr. Annan, Kurdish guerrillas and Saddam's relatives will join in pushing the dictator out only when they are convinced that Saddam's fate is sealed and that continuing to keep a foot in his camp will do significant damage to them. They should no longer be given the choice of seeming not to choose.

This does not mean the end of multilateralism or of hopes for a vague, defective United Nations in the future. Those goals can and should be pursued. But they can be attained only under the influence of strong U.S. leadership. The place to begin is Iraq. The time is now.

The Washington Post

Take Off the Rose-Colored Glasses: It's the Same China

By Gerald Segal

LONDON — The recent depressing news from China should not be surprising, yet China keeps having to teach realism to optimistic foreign observers. Unlike the theater, China-watching should not be the willing suspension of disbelief.

The depressing news in Chinese politics concerns the latest trials of dissidents following nine months of reassuring noises to visitors like President Bill Clinton and Prime Minister Tony Blair. What is more depressing is that some foreigners thought that China's latest political springtime would be followed by anything but a cold winter of arrests.

Disappointed foreigners now take solace in the argument that the dissidents "did not know when to stop" pushing their government for more freedom. They supposedly crossed a national line of acceptable behavior by calling for independent political parties in China — a distinction that Western observers of Soviet Communism would never have been so foolish to make.

The depressing economic news out of China has been building for months, so that when China recently announced a 7.8 percent annual GDP growth rate for 1998, even Prime Minister Zhu Rongji admitted that the figure lacked credibility because of bogus reporting at the local level. The fact that China's crisis is derived from stalled reforms of state-owned industries and the financial sector is well understood.

Although few expect a quick upturn for the Chinese economy, the long-term optimists about China continue to rely on rosy economic forecasts. But as we move into the 21st year of China's economic reforms, it is harder to sustain the argument that foreign investors should stick it out for long-term profits. Now that the long term has come, and China continues to produce little or no profits for the vast majority of nonethnic Chinese investors, it is remarkable that anyone still willingly

suspends disbelief about the Chinese economy.

Nonethnic Chinese foreign investment in China remains stubbornly below \$9 billion a year and companies known for their long-term view, such as the British-based retailer Marks & Spencer, are pulling out. While many more foreign companies, such as Siemens of Germany, will stay and complain about the absence of profits, the reality is an old one in China: When profits do appear, the Chinese will change the rules and reap the rewards themselves.

The depressing security news out of China comes in various forms. Chinese official agencies are using fierce rhetoric to denounce "U.S. imperialism" in

nasty tones not heard in years, no doubt partly provoked by American actions in the Gulf. China's buildup on Mischief Reef in the disputed Spratly Islands in the South China Sea is only unexpected if you believed that the Association of South

East Asian Nations would and could deter China.

The recent conclusion by a U.S. congressional committee that China has been using closer U.S.-China economic engagement for espionage and intelligence gathering, especially for military high technology, reminds us that there is nothing new in China's determined pursuit of advantage with America. What is most depressing is that some American China watchers conclude that we need to be nicer to China, not tougher — apparently for fear that Beijing will get even nastier with the West.

Again, this is not a logic that would have been given much credence in East-West relations before the end of the Cold War. While few would argue with the notion of engagement with China, what is most depressing is how the optimists continue to see the virtue of treating Beijing with kid gloves. China remains a weak and vulnerable power, but it is skilled in the theater of diplomacy that encourages us to suspend our disbelief in our

What the EU Needs Is a Copy of 'The Federalist' Papers

By Robert A. Levine

LOS ANGELES — It may be Lindbergh for an American to point out, but now that the start-up of Economic and Monetary Union has accelerated the European Union's pace toward full economic integration, U.S. experience may provide some useful lessons. Not that we do everything right or that we provide a precise model for the working of a somewhat similar economy, but some long-standing American economic interactions do resemble those developing on the old Continent.

In at least three areas of economics — monetary policy, taxes, and fiscal policy — we've been there, done that. Together, the three may also provide some hints about political confederation.

In the realm of monetary policy, the European Central Bank can learn from the Federal Reserve, if it is willing to. The Fed's ability to maintain its integrity while paying due deference to the democratically elected authorities with which it works provides a model more appropriate to a complex economy than does the haughty independence of the Bundesbank.

The single-minded Bundesbank ideology — price stability — cannot work in a Europe where recession threatens to increase already high unemployment; the Fed's pragmatic willingness to bring growth and employment into the balance can.

The lessons for tax policy are less direct. What is thought of as tax policy in the United States cannot exist in the European Union because the EU levies no taxes of its own. It is financed by contributions from the member states, which use their tax revenues to support the EU budget as well as their much larger national needs. Although political infighting over relative contributions is inevitable, EU members have also been squabbling over "harmonization" of national taxes — setting EU-wide rules for rates and regulations.

The American experience suggests that this is quite unnecessary. The U.S. Constitution provides few constraints on the ways in which the states may raise revenues: they can legally levy income taxes, corporate taxes, sales taxes and property taxes on their individual and corporate residents at any rates they want, and they do. State taxes vary, but the variations stay within limits because the citizens and the companies in the states compete with one another.

Interstate variations have their effects: Businesses tend toward states with low corporate taxes; wealthy individuals avoid high state income taxes; Massachusetts residents buy liquor in New Hampshire. It is precisely those effects that limit the variations: If California levied a 50 percent corporate tax, it would be left without interstate business; if New York imposed a 20 percent sales tax, it would be left without sales.

The limits are imposed by economics, not legislation; they work and cause few quarrels. Similar natural limits are in fact becoming visible in Europe; the squabbles are unnecessary.

With monetary policy in the hands of the European Central Bank, fiscal policy — budget deficits and surpluses à la Keynes — is the remaining tool with which the member states of European Economic and Monetary Union, or EMU, can affect their own growth and employment. Such national autonomy is illusory however; the rules of monetary union limit deficits, and economic reality reinforces the rules. Before EMU a state could finance a deficit by borrowing from its own central bank. No longer.

The U.S. model is again illuminating. The American states cannot run persistent deficits because they cannot borrow to finance those deficits, except at prohibitive interest rates. The federal government, however, can borrow from the Federal Reserve to finance immense def-

icits, has done so, and surely will again when economic downturns calls for fiscal stimulus. Except for one crucial difference, the government of EMU could similarly borrow from the central bank when dictated by Europe's needs — the difference, of course, being that there is no government of EMU.

This leads to the possible lesson for political confederation. When recession suggests a countervailing need for stimulus, the pressure will be on the member states to create some sort of joint fiscal decision-making mechanism. Such a mechanism will not be called a confederation but it will be a major step in that direction. It will raise the question of whether the mechanism should be used for making other joint decisions. That in turn should raise the question of the "democratic deficit"; in particular, should the one body elected by European individuals, the Parliament, be given more power over such decisions?

The move will be on. At that point, an American might even have the temerity to suggest that Europeans read "The Federalist" papers.

The writer is an economist and former official in the U.S. executive and legislative branches. He contributed this comment to the International Herald Tribune.

Can Clinton Beat the Rap?

By John Ellis

BOSTON — Everybody's got a censure plan. Former Presidents Gerald Ford and Jimmy Carter have a censure plan. Former Senate majority leader Bob Dole has a censure plan. Senators Slade Gorton and Joe Lieberman have a censure plan. All of these plans are well-intentioned. None of them will work.

There will be no censure of Bill Clinton. There will be no compromise "solution." There will be no deal. There will be a vote up or down — most likely after an evidentiary trial — to acquit or convict. The roll will be called and Mr. Clinton will either be removed from office or let off scot-free.

Two forces have converged to all but guarantee this outcome. First, Republican constituencies insist that such a vote be taken. They want a trial and they want a vote of conscience after all the evidence is heard.

They will not be denied. If Trent Lott tries to short-circuit the constitutional process, he will not remain the Senate majority leader for much longer. Republicans will toss him overboard and get someone else to do his job.

Second, Mr. Clinton wants no part of a censure deal. He has stated repeatedly, through various mouthpieces, that he will "never admit" that he lied under oath. Without an admission of perjury, the various cen-

sure deals collapse in a heap. The truth is that Mr. Clinton is waging an all-out campaign for acquittal. He will accept nothing less. He believes that he is innocent. He believes that he did not commit perjury. He believes that he did not obstruct justice. He believes that he is the victim of a vast right-wing conspiracy and a hateful media.

He thinks history should read that a recklessly partisan House of Representatives impeached him but that the Senate exonerated him.

Some of Mr. Clinton's political operatives do not understand this. They talk on background and off the record about the president "accepting" some sort of censure "deal." They talk on the record about a "fair" and "expeditions" process. The truth is that Mr. Clinton will never accept anything that in any way legitimizes his impeachment by the House.

What the White House really wants is dismissal on summary judgment. Toward this end, it has made it clear that an evidentiary trial will be a long, protracted fight. White House leaks over the last couple of weeks have served to reinforce this message.

Last week the White House let it be known that it is prepared to contest the constitutionality

of a lame-duck House of Representatives referring articles of impeachment to a newly sworn-in Senate. The issues involved are not insubstantial. Resolving them could take weeks.

This week the White House let it be known that, in the event of an evidentiary trial, its legal team would contest every fact, every clause, every comma in the two articles of impeachment referred by the House. This could cause the impeachment trial to last for months and possibly the entire calendar year.

The purpose of these thrusts is to stampede Republican senators into a quick vote. The threat is that if Republicans go forward as the constitution requires, the trial will drag on. Republicans read the same opinion polls as everyone else. They fear that their approval ratings will fall further if they do not bring the impeachment trial to a speedy resolution.

If the White House can stampede enough senators to vote for a quick dismissal of the two articles of impeachment, which requires only 51 votes, it then will hold all the cards. Whatever leverage the Senate once had in the wording of a "censure" resolution will no longer exist. Once the charges are dismissed, the White House does not have to admit anything or apologize to anybody. Mr. Clinton will have beaten the rap.

The Boston Globe

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Lawless Chicago

WASHINGTON — There is a state of lawlessness in Chicago just now in consequence of a policeman having been killed by highwaymen, and the police being ordered to shoot down such marauders at sight. The Chief of Police has instructed his men that when pursuing a criminal who refuses to halt and resist arrest, they must shoot, and shoot to kill. Such men are desperate, the chief told his subordinates, and the only way to deal with them is by killing them.

1924: The King, Live

LONDON — The King's speech to Parliament may be broadcasted to the country for the first time. Arrangements are now being made for the broadcast and the question will be taken up by the Cabinet. "It is the King's voice the people want to hear, not so much the

King's speech," said an official for the British Broadcasting Company. According to the tentative plans, a microphone, screened by flowers, will be installed in the House of Lords whence the King's voice will be broadcasted to all stations.

1949: Soviet Fashion

MOSCOW — Soviet stylists have been told to design motifs for the mass consumer. V. Syrov, senior state inspector of trade in Moscow, said. Of 673 styles recently considered by the Artistic Council of Moscow for the biggest department store, 309 were hats, he said. "One can only express astonishment," he said, "at the inexhaustible inventiveness of hatmakers and the surprising sluggishness of the Artistic Council." The council is occupied exclusively with the study of far-fetched fashions. The demands of the mass consumer receive no attention.

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Want to Overeat but Still Fight the Flab? Just Remember to Keep Fidgeting

By Denise Grady
New York Times Service

NEW YORK — It was a couch potato's dream: the announcement, three years ago, that the Mayo Clinic was looking for volunteers "willing to overeat for the sake of science." Not only would they have to eat 1,000 extra calories a day for eight weeks, in the form of favorite foods lusciously prepared and served by expert cooks, but they would have to make the training from exercise.

Thousands of people, from Ireland, Germany, Canada and even California, polished their forks from Rochester, Minnesota, home of the clinic.

Their mission was to help researchers answer one of life's more vexing questions: Why is it that some people can eat as much as they want and are they still thin?

The answer, the researchers were surprised to find, is that when people eat too much, some of them burn off extra calories by starting to fidget and move around more. The added activity is touched off somehow by the excess of food, and the fidgets do not even realize they are doing it.

Although the researchers described the movements as "fidgeting," they said they were not sure precisely what they entailed. They may have included things that most people would call fidgeting, like shifting position in their seats at work, crossing and uncrossing their legs and sitting up straighter to maintain their posture. But they also may have included behavior that came closer to real exercise, like getting up to stretch or go to the water fountain or lavatory.

"We didn't have fidget monitors, so I can't be certain it's what you'd call fidgeting," said one of the researchers, Dr. Michael Jensen, an endocrinologist at the Mayo Clinic. "But we're convinced it's something about physical activity."

A report on the study was published Friday in

the journal *Science*. None of the participants enrolled in the study was obese; half said they thought they were "resistant" to weight gain, and half said they had a normal tendency to put on a few pounds if they ate too much. Women stayed away in droves, though four did sign up.

Dr. James Levine, a co-author of the report and also an endocrinologist at the Mayo Clinic, said he and his colleagues had expected that some of the subjects had a higher rate of metabolism than others, or shifted to a higher rate when they ate too much, and burned off the extra calories rather than storing them as fat.

But that was not the case, according to their extraordinarily precise measurements of the calories the subjects ate, the calories they burned and the calories they turned to fat.

For two weeks the subjects were studied to determine exactly how many calories a day they needed to maintain their regular weight. Then dietitians consulted with each of them to plan

menus incorporating 1,000 extra calories a day in foods they would enjoy. One subject, Dr. Jensen said, took most of his extra calories in the form of pizza. "They had hamburgers, steaks, pancakes, sausages, yogurt, spaghetti," said Kelly Pitts, a graduate student in biochemistry at the clinic who volunteered for the study.

The fat content of their bodies was measured with mortifying precision, by a special X-ray machine calibrated with a 6-pound (3-kilogram) block of human fat left over from someone's plastic surgery. Even their stools and urine were confiscated, to become the official property of the Mayo Clinic.

"This was a gross-out study in every sense of the word," said Dr. Levine.

Not surprisingly, after eight weeks of being what the scientists called "overfed," the subjects had put on an average of 10 pounds. But the gains ranged from 3 pounds to nearly 16.

Since the subjects were assumed to have complied with the ban on deliberate exercise like

running, swimming or even walking, all that remained was what they termed "nonexercise activity thermogenesis."

When they compared that measure before and during the overeating phase, they found that it increased more in some people than in others when they ate too much. Those in whom it increased the most gained the least weight.

One subject burned off more than 600 calories a day in this fashion, with an amount of unknown activity that the researchers said would be the equivalent of "strolling" for 15 minutes an hour during every waking hour.

The four women in the study had the smallest increases in the nonexercise thermogenesis, and correspondingly large weight gains. The researchers did not know what to make of it, and said a larger study would be needed, designed specifically to detect male-female differences. Within a few months of going back to their normal lives, all the subjects had lost the weight they had gained during the study, Dr. Jensen said.

Next for Iraq? London and Paris Talk, but Gap Is Wide

By Craig R. Whitney
New York Times Service

PARIS — French and British officials conferred here Friday on the next steps to take in Iraq, but French officials said that wide differences still separated them.

France would like to get Britain and the United States to agree in the United Nations Security Council to lift the oil embargo against Iraq if President Saddam Hussein consents to a new system of international arms monitoring. The French proposal has met with little success with the allies so far, and would have to have assent from Russia and China, which are also permanent members of the Security Council, to get anywhere.

And as a high-ranking French official said Friday, there was no certainty that Mr. Saddam would agree to a permanent control system.

The United States and Britain bombed Iraq last month after Baghdad stopped cooperating with UN arms inspectors whom the Iraqis said were spies for the United States. Washington has since acknowledged getting information from the bomb strikes from equipment the inspection teams used.

Foreign Minister Hubert Vedrine discussed Iraq with the British foreign secretary, Robin Cook, but they made no statement after their talks.

The British and the Americans at this point are insisting that Iraq will be subject to continued bombing unless it agrees again to inspections by United Nations Special Commission teams. "The French official said, referring to checks for forbidden nuclear, chemical and biological weapons that were carried out until late last year by teams directed by the commission's head, Richard Butler. "We believe Iraq no longer has any nuclear capability, and large quantities of chemical and biological stocks, we know, have been found and destroyed by the United Nations teams," the French official said.

"We do not believe there is any point in going back in and continuing to look for the last test-tube, because we'll never find it. What we need is a new system of continuous monitoring that allows us to make sure Iraq does not try to build new facilities to acquire these things again."

In the French view, such a system would include both television cameras and expert inspectors to keep an eye on suspected sites. But the French believe that Mr. Butler and his inspection teams will never again be acceptable to Iraq.

As an incentive to get Iraq to permit a new inspection system, French officials said, the United Nations would lift the remaining embargo against Iraqi oil exports but set up controls to make sure Mr. Saddam did not spend any of the revenues on acquiring new weapons.

But at this point, according to French officials, the United States is unwilling to consider such ideas. "If the Americans won't agree to any change in the sanctions or the inspection system in less than a month, we are no longer in the power in Iraq, then there's not much the United Nations can do," a foreign policy adviser in Paris said.

President Jacques Chirac and Prime Minister Lionel Jospin have both made it clear that they believe the British-American air strikes last month succeeded only in destroying the international inspection system, including the cameras monitoring many of the sites that were bombed. "Since the strikes have settled nothing, the UN Security Council must once again play its full role," Mr. Chirac told the Paris diplomatic corps Thursday.



FAITHFUL — Muslim worshippers praying Friday in East Jerusalem at Al Aqsa Mosque, Islam's third holiest shrine. More than 250,000 people attended prayers to mark the third Friday of Ramadan.

Shootings Mar Blair's Cape Town Visit

Agence France-Presse

CAPE TOWN — Two protesters and a journalist were wounded by rubber bullets fired by the South African police on Friday to disperse Muslims protesting in Cape Town just before Prime Minister Tony Blair of Britain attended an official function.

The police fired tear-gas canisters, stun grenades and rubber bullets to disperse about 100 radical Muslim demonstrators at the Castle, a monument in central Cape Town.

They were protesting the British and U.S. bombing of Iraq last month, and had ignored a warning to leave, the police said.

Protesters returned fire with live ammunition, but no police officers were hit, a police spokesman said.

Earlier, protesters gathered at the main entrance to the Castle, shouting

"Death to Tony Blair!" The prime minister was taken into the building through a side entrance.

Some of the protesters, their faces covered by scarves, held placards saying "Long Live Hamas" and "One Zionist, One Bullet." Hamas is a radical Islamic organization.

Some 30 members of a radical group, Muslims Against Global Oppression, demonstrated at Cape Town airport as Mr. Blair arrived from Johannesburg.

Mr. Blair was due to decorate 15 soldiers from a British Army advisory team that has been working in South Africa since 1994 to coordinate the integration of former rebel fighters in the post-apartheid armed forces.

Later, in remarks to legislators and guests in the Parliament building, Mr. Blair advocated his government's "Third Way" as a blueprint for Africa's

economic and social development in a speech winding up his three-day visit to South Africa.

In remarks focusing heavily on his so-called New Labour government policy — which seeks to marry social justice and workers' rights with a pro-business market-oriented economic policy — Mr. Blair heaped praise on South Africa.

He said that South Africa, an emerging market battered by Asia's economic crisis, "had won" "well-deserved plaudits" for abiding by tough economic measures over the past year.

"Stick to it," he said. "It's the right thing to do."

Mr. Blair also defended the bombing of Iraq, which he conceded was controversial but nevertheless "right."

The British leader and his wife, Cherie, were due to leave Cape Town for Kuwait late Friday.

ESPIONAGE: U.S. Explains How Its Spy Put Bug in Baghdad

Continued from Page 1

Hours later, a four-day-long U.S.-led bombing campaign began. Cruise missiles hit some targets selected from data gleaned by the U.S.-led espionage, U.S. and UN officials said. But there is little evidence that the bombing did permanent damage to Iraq's weapons programs.

All but one of the officials spoke on the condition that they would not be quoted directly. It appeared from their descriptions that they believed the inspection team would never return to Iraq in its original form.

The inspectors undertook their first electronic eavesdropping three years ago. For the first two years, though it had some success, its goal was frustrated by Iraqi security. In March it was replaced by the U.S.-led effort.

While some UN officials suspect that the effort was an U.S. covert operation, U.S. officials insisted Thursday that a handful of key Uncom officials approved the secret program.

The origins of the operation go back to 1995, after the defection of an Iraqi general, Hussein Kamal. General Kamal, a son-in-law of Mr. Saddam, inexplicably returned to Iraq, apparently gripped by remorse. He was promptly shot.

But some aides who defected with him stayed out of Iraq. For the past four years, they have provided the United States and Uncom with a window into

the Iraqi security apparatus, which had successfully hidden Iraq's biological and chemical weapons programs from the UN inspectors since 1991.

For the first time, the United States and the United Nations understood the depth and the sophistication of Iraqi security, which includes thousands of officers commanded by the Special Republican Guard, the Special Security Office and Mr. Saddam's personal details. The most important target, they now understood, was a sector of Iraq's Special Republican Guard known as the National Monitoring Directorate.

The problem was how to penetrate those networks.

A UN official said it was naive to assume that his organization was innocent in espionage matters. "The UN

IRAQ: Saddam 'Lost a Lot'

Continued from Page 1

first days of the strikes, which began Dec. 16, as a mixed success, saying that the cruise missiles and laser-guided bombs had hit most of their targets but had caused little or no damage. Since then, officials have portrayed the four nights of strikes with growing assurance.

On Friday, General Shelton and General Zinni said that in the aftermath of the strikes Mr. Saddam was reacting with apparent desperation, suggesting, they said, a weakening of his grip on power. They cited reports that the Iraqi leader had ordered the execution of army officers and civilians in the south, where Shiite Muslims have long chafed under his power.

"We've seen a number of unusual things internally that I think clearly demonstrate that he was shaken and the regime was shaken," General Zinni said. "We have seen executions in the south. One division in particular lost its commander and several officers."

Despite their upbeat assessments, however, there have been no signs of any significant internal dissent. Nor have there been any local uprisings on the level of those that followed the rout of Mr. Saddam's forces in the Gulf War, which ended in 1991.

At that time, Mr. Saddam, though reeling, crushed rebellions by Kurds in the north and Shiites in the south. The United States and its allies created the no-fly zones afterward to help protect the ethnic populations in those regions.

has been and continues to be a focal point for espionage by everybody," he said.

Intelligence officers from most of the world's nations use the organization as a base of operations, he said.

But Rolf Ekeus, then the chairman of the UN inspections team, needed help. He asked the United States to help him create a system to listen in on the Iraqi security networks, many of which operated at frequencies that U.S. spyplanes and spy satellites could not hear, U.S. officials said.

Washington did help, offering technology designed by the National Security Agency and the CIA, which picked up Iraqi telecommunications, beamed them to a computer in Bahrain and filtered through the conversations for key words like "missile" or "chemical."

The information was shared with UN inspectors and with other nations involved with the inspection effort — though not with Russia, officials said.

At the request of the CIA, several aspects of the program are being withheld from publication to avoid assisting Iraqi intelligence.

Throughout 1996 and 1997, the campaign was an international effort, involving British, Israeli, Swedish, Polish and Australian officers and officials, among others. The eavesdropping equipment was brought into Iraq on each inspection mission, and used to listen in as Iraqi security officers, speaking in code and using scrambling devices, worked to conceal weapons and protect Mr. Saddam.

LIES: French Politicians' Special Relationship With the Truth

Continued from Page 1

Among its officials, "France has a cult of lying," Mr. Pfister insists.

"With us, lying gets a good press," he said. "Some see it as a Latin characteristic, others as the sign of a superior civilization." He said, "Attempting to limit its use makes you look ridiculous. Playing Don Quixote is the equivalent of confronting standard social usage, discussed from time to time, but never really brought into question."

No particular fan of an American model, Mr. Pfister describes the investigation of Mr. Clinton by Kenneth Starr as partisan, inspired by the right wing of the Republican Party, and using inquisition-like methods.

But he goes after the notion that there was some kind of elegance or refinement

CLINTON: Senate Gets Trial Agreement

Continued from Page 1

line votes, culminating in the approval Dec. 19 of two articles of impeachment. The process there often appeared driven by Mr. Clinton's most bitter critics on the Republican right.

Not immediately clear was the status of a White House offer, made Wednesday, to agree to accept unchallenged the documentary evidence collected against Mr. Clinton by the independent counsel, Kenneth Starr, in exchange for a trial without witnesses.

The vote Friday followed what Senator Trent Lott, the majority leader, called a "wonderfully positive meeting," a rare two-hour convocation of all 100 senators behind closed doors in a bid to rescue agreement. Only the night before, such efforts had appeared seriously imperiled.

The breakthrough agreement was seen as a testimony to Mr. Lott's efforts to prevent the more-reserved and sober upper chamber from following the rancorous pattern set in the House hearings. Mr. Lott, facing the greatest political test of his career, managed to emerge at least at the trial's outset as a consensus-builder, and a guardian of the dignity of the institution.

The agreement Friday also reflected a remarkable, cross-aisle collaboration of Mr. Lott with his Democratic counterpart, Senator Tom Daschle of South Dakota.

Mr. Daschle appeared with Mr. Lott after the closed-door meeting to praise the sense of "comity and chemistry" that had emerged, and to say that he felt "a lot more optimism" than he had a day earlier.

He and other senators displayed delight and self-congratulation at the vote. There had been a palpable sense of dismay the night before from senators who feared that their chamber, traditionally less susceptible to the raw partisan passions of the House, was following its lead.

Senator John McCain of Arizona, a Republican who aspires to his party's presidential nomination in 2000, said the agreement was "an extraordinary event" because, he said, "We did not begin this process with a partisan vote. We got off on the right foot."

Senator Joseph Biden, a Delaware Democrat who appeared alongside Mr. McCain in a CNN interview, added, "This is a victory for everyone here."

Both senators said the accord emerged amid acute concern that the trial might descend into spiteful political warfare.

Mr. Biden described a widespread fear that the proceedings would "degenerate into a pit-bull ring" in a way that would "reflect incredibly badly" on the chamber.

Senators clearly viewed the outcome Friday as an assertion of the institutional prerogatives and historic gravitas of the upper chamber. This followed a somber caution to fellow senators from Robert Byrd, a West Virginia Democrat viewed not only as an elder statesman but as an institutional repository of expertise on the ways and traditions of the Senate.

The vote clearly was intended as a warning both to the White House and the House managers that the Senate alone would determine how the trial was to be conducted.

The 13 House Republican managers had insisted that they must be able to call witnesses to make an effective case, a demand that rankled with many senators. Some of the 13 complained Friday about the postponement of a decision on witnesses, although one of them, Representative Asa Hutchinson of Arkansas, said, "We will certainly defer to their judgment on this." In effect, the House Republicans have no choice but to defer.

Mr. McCain noted that the "burden of making the case for witnesses lies with the House managers." Each witness will have to be approved by a simple majority of the senators present.

The Senate agreement, however, glossed over many questions about how the trial will unfold. With only one presidential impeachment trial to serve as precedent, that of Andrew Johnson in 1868, many questions will have to be resolved as they arise, either by ruling of the U.S. chief justice, William Rehnquist, who is presiding, or by vote of the Senate.

BRIEFLY

Applause in Lahore For Bus From Delhi

LAHORE, Pakistan — Hundreds of people cheered and clapped as the first bus service between India and Pakistan in 50 years arrived here Friday without incident.

The 14-hour trip from New Delhi was uneventful, passengers said. It took place despite fears of violence by dissidents on both sides of the border who oppose efforts to improve relations between the two countries.

Dozens of police officers searched passengers and their luggage in New Delhi before the bus was boarded for the 480-kilometer trip. Police vehicles escorted the bus out of New Delhi. (AP)

Gandhi Tours Sites Of Church Attacks

NEW DELHI — Sonia Gandhi, leader of the main opposition Congress (I) Party, surveyed damage to Christian churches attacked by militant Hindus in the western state of Gujarat and said Friday that the Hindu nationalist state government should be removed if it could not halt the violence.

Mrs. Gandhi, a Roman Catholic, toured the Dang district, where 18 churches, prayer halls and Christian schools have been attacked in the last two weeks.

Militant Hindus have accused Christian missionaries of forcibly converting Hindus. Christians, who make up 2.5 percent of India's overwhelmingly Hindu population, deny that conversions have been forced. (AP)

Bus Attacks Kill 2 In the Philippines

CAGAYAN DE ORO, Philippines — At least 2 people were killed and 20 others were wounded Friday in explosions on two buses in the southern Philippines, the police said.

Edgardo Villamayor, the police chief of Bukidnon Province, said there had been no immediate claim of responsibility for the bombings, which occurred seconds apart in Impasugong, about 810 kilometers southeast of Manila.

The bombs were believed to have been planted in Cagayan de Oro, the buses' starting point. (AP)

MALAYSIA: Mahathir Shores Up Power

Continued from Page 1

that one has to face them first."

But even as Mr. Mahathir was making his announcement Friday, his former protégé, Mr. Anwar, cast a shadow over the moves. The imprisoned former deputy prime minister announced that he would sue Mr. Mahathir for the injuries he sustained in September when he was beaten by the police in prison.

In court papers filed Friday, Mr. Anwar's lawyers described how he was placed in a cell blindfolded and handcuffed, then "volta hard punch on his left eye and forehead." He said he held Mr. Mahathir responsible for the assault. As justice minister at the time, Mr. Mahathir was in control of the police. Mr. Anwar also demanded compensation from Mr. Mahathir, a top police officer who resigned Thursday and took full responsibility for the beating.

Meanwhile, Mr. Anwar was denied bail Friday by the judge presiding over his trial on sodomy and corruption charges. Judge Augustine Paul rejected a motion by Mr. Anwar's lawyers that he be freed during the trial on the grounds that he might intimidate witnesses.

Any further investigation into the beating of Mr. Anwar will now fall under Mr. Abdullah's responsibility as home minister.

Mr. Abdullah has held several cabinet posts over the years, including the education and foreign affairs portfolios. After accepting his new role Friday he said: "I thank the prime minister and I promise to fulfill my duties the best I can."

Among other appointments, Syed Hamid Albar, the defense minister, was made foreign minister to replace Mr. Abdullah, and Abang Abu Bakar, an official in the Prime Minister's Department, was named defense minister.

NEW AUTHORS

ART

Building Tokyo

Urban Design: An Experiment

By Naomi Pollock

TOKYO — One of the highlights of any Tokyo architectural tour is Hillside Terrace, a remarkable experiment in urban design created by the architect Fumihiko Maki. Built in stages over 30 years, the mixed-use development is noted not only for its gracious plazas and elegant buildings, but also as a unique chronicle of Maki's work.

In recognition of its outstanding cultural contribution, the complex was awarded the 1998 Mecenat Award Grand Prize, given by Tokyo's Association for Corporate Support of the Arts. And now with the recent completion of Hillside West, Hillside Terrace's cousin, building watchers will have even more to rave about.

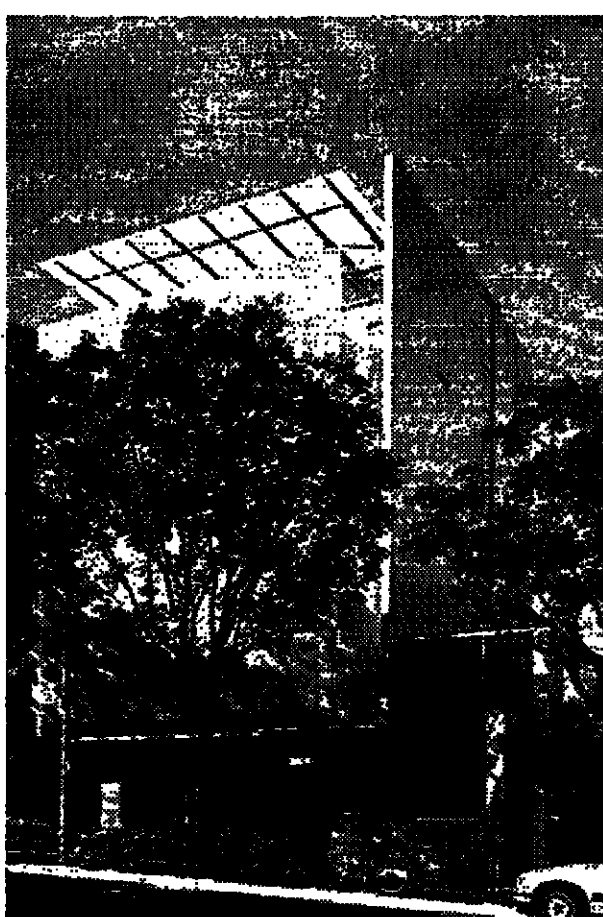
Widely respected as a designer, teacher and theoretician, Maki won the Fritzker Architecture Prize in 1993. Today he enjoys rich and varied commissions throughout Japan and abroad. But in 1967, when the Asakura family asked him to begin designing buildings for their land in Daikanyama, then a sleepy suburban community, Maki was fairly new on the scene. In fact, only two years before he had returned to Tokyo to hang out his shingle following a period of work and study in the United States.

Rising land prices and the prospect at that time of Tokyo's growth prompted the Asakuras to build on the property, a forested site dotted with a few wooden houses. Rice merchants turned real-estate moguls, the Asakuras had owned the land for generations. Their idea was to develop it bit by bit since they had limited resources and there was some question whether they would be able to fill the rental space, as there were no stores or shops around.

"But even before we started to design we had these tenants," Maki said. In addition to the Asakura family, who planned to continue living on their land, a beauty parlor owner and a restaurateur wanted in. After that it was up to the architect to determine how best to combine dwellings and shops in an area fettered by stringent residential building codes but fronting Old Yamate Street, a major thoroughfare ripe for commercial development.

For Maki it was also a pivotal opportunity to apply the language of Modernism to the making of humane, urban places — still a rare commodity in Tokyo.

Over the years many of Maki's design intentions have remained constant from phase to phase. Public functions fill lower levels and private apartments upper ones. Building fronts line up with the street. Vegetation is preserved wherever possible. And courtyards, plazas and other outdoor spaces are designed with as much care as the buildings themselves.



The Hillside West complex, designed by Fumihiko Maki, straddles Old Yamate and Hachiyama streets.

Throughout their collaboration Maki and his clients talked about each completed stage and what to do next. The process infused each phase with new ideas, from the substitution of exterior grade tiles for exposed concrete in one phase to the inclusion of cultural facilities in another.

Reflecting Japan's spectacular economic growth, Tokyo's rapid development and, above all, Maki's evolving architectural philosophy, these changes helped create a dynamic complex that today anchors one of Tokyo's most popular neighborhoods. "This type of sequential project provides a kind of satisfaction that one can not get from designing a large building," Maki said. "It's the kind of satisfaction one gets watching one's baby grow."

WHILE Hillside West shares many features with the Terrace, it also makes a clean break. For starters its site is considerably different. Up the street a few hundred meters, Hillside West occupies two plots joined by a narrow strip of land. The oddly shaped parcel straddles the heavily-trafficked Old Yamate Street and Hachiyama Street, a quiet residential road several meters below. Although the client's program called for a similar blend of commercial, office and residential space, the land required a new urban design approach.

To bridge the gap between the two dramatically different street fronts, Maki created an assemblage of three buildings punctuated by trees and greenery that steps down both in scale and elevation from one edge of the site to the other. On one side the multistoried structure greets Old Yamate Street with a sophisticated facade composed of metal screens and glass planes. On the other a smaller building mass and simpler materials turn Hillside West into a compatible neighbor

for the surrounding homes.

Linking the two sides is an indoor-outdoor corridor that pays homage to Japan's traditional, pedestrian alleys. Lined with small homes, mom-and-pop stores and lovingly tended bonsai plants, the historic walkways are beehives of activity where neighbors exchange news, children play and privacy is hard to come by. "We hope we can provide such an animated ambience in years to come," Maki said.

With cafés, a gallery, a library and a restaurant up and running, Hillside West is off to a good start. And Asakura family members will live in the duplex apartment crowning the front building. The first tenant to move in, however, was the architect himself. Maki, who moved his office from Tokyo's central business district, said "we feel we are coming home."

Naomi Pollock is an architect who writes about design in Japan.

The Path of a Renaissance Artist

By Souren Melikian
International Herald Tribune

LONDON — Imagine a teacher with a deep love of Italian Renaissance painting and the most erudite understanding of its history, leading you through the creative process of its major masters. Or rather, do not imagine, just go to the exemplary "Signorelli in British Collections," at the National Gallery until Jan. 31.

Put together on a shoestring by a great institution, reduced, like all English museums, to cutting down on everything, including such vital functions as art exhibitions, this turns out to be one of the most novel forms of introduction to a Renaissance painter.

For that, the credit goes to Tom Henry of the Courtauld Institute, whose catalogue, albeit printed on shamefully poor paper, will remain as a model of highly readable scholarship.

Luca Signorelli was a man from Cortona, in Tuscany, where the Renaissance had its roots. Born around 1450, the son and grandson of artists whose work appears to be lost, his path must have been traced from childhood on. Still in his mid teens, Luca breezily sailed into the studio of Piero della Francesca and by 1470 was an independent artist.

Alas, we do not know what his early work looked like. The earliest pictures that may be safely attributed to him date, Henry believes, from around 1482, when he executed the large tableau, "Moses' Testament and Death" as part of the fresco cycle in the Sistine Chapel. Signorelli's name does not appear in the contracts but Giorgio Vasari, writing in 1568, tells us that he did it. The impact that gazing at Ancient Roman sculpture left on his compositions is apparent, as it is in many of his frescoes. These must be seen by anyone eager to apprehend the scope of his oeuvre — above all, at Orvieto, in the cathedral, but also at Siena, in the Abbey of Monteoliveto Maggiore, which retains the earliest documented cycle of his murals.

The problem with Signorelli's early work on panel is the paucity of criteria to sort out what belongs to him. For decades, scholars followed Bernard Berenson in holding a then famous "Virgin and Child With Three Angels" on loan from Oxford, to be his earliest picture. The rigidly austere faces of Mary and the angels, their awkward elongation point to some other artist under Piero della Francesca's influence. Who? No one knows.

Their curiosity thus alerted in a show that often seems like a "whodunit," visitors turn to the earliest Signorelli on view. Few will have ever seen this long panel, tucked away in the Stirling-Maxwell Collection in Glasgow. "Lamentation Over the Dead Christ" once formed part of an altarpiece removed from the church of Sant'Agostino in Siena by the middle of the 18th century. With its characters in linear arrangement and its feeling for movement borrowed from the more baroque taste of Ancient Roman statuary rather than observed from nature, it has a magnificent stylization. Looking at it in isolation, separated from the other components of the altar, may be arbitrary. But if one fact is made clear by Henry it is that Renaissance painting has come down to us in reduced condition.

Not just fragmented, but altered. "The Holy Family," with Mary seated sideways filling the frame and a Joseph curiously represented with the dark complexion of a man from somewhere in Central India, is beautiful. Joseph's face is clouded by concern subtly tempered by tenderness — a smile that is not really there seems to hover on his lips. This is a penetrating portrait. But beware. Much of the face has been reconstructed and the left shoulder of Jesus has been repainted.

Fiddling with works of the past was a mania at all times. Were it not for Vincenzo Borghini, a friend of Vasari who passed through Volterra in 1558, we would never have known for sure that Sodoma repainted the infant Jesus in



"Four Standing Figures" by Luca Signorelli, on exhibit at the National Gallery.

the monumental National Gallery "Circumcision," which Signorelli completed for the church of San Francesco around 1491. Its sentimentality clashes with the rest of the picture, formal and stilled.

LEARNING to ask questions is the soundest initiation to art, and Henry is a master at arousing the viewer's curiosity. One of Signorelli's highly finished drawings shows a condottiere with his legs apart, his hand raised as if to steady a halberd. It is pricked, which suggests a transfer on the same scale. But why is it also squared, implying the contradictory intention to use it in an enlarged format? No exact match is known. This points to a possible reason. Used in different compositions, the drawing would be modified in the course of the painting stage.

Certain postures, certain expressions certainly haunted Signorelli. One recognizes a kinship of sorts between the condottiere's head and the

portrait of Niccolò Vitelli, the mercenary commander who took over Città di Castello, in Umbria. Niccolò died in 1486. In the 1490s, Signorelli painted his portrait and those of his two sons in the same size, in the same posture, all with their initials in monumental lettering. Was this for some commemorative purpose? Much remains to be discovered about Signorelli, starting with his prowess as a portraitist.

The likeness of Niccolò, from the Barber Institute of Fine Arts attached to the University of Birmingham, is a revelation. Like the condottiere, Niccolò has that strange expression of wistful bitterness that recurs more than once in Signorelli's pageant of characters.

With cruel irony, destruction helps the discovery process. Fragments cut out from an altarpiece painted in 1504-1505 for a church at Matelica, in the Marche, look like close-ups. The viewer's eye perforce zeroes in on a group of four characters that once

formed part of a "Lamentation Over the Dead Christ." Two of these, the men's faces, are masterpieces of portraiture.

So is the young woman standing sideways in a "Virgin and Child" from a private collection, never exhibited before. The bent profile with its eyes staring down, absorbed in silent distress, the three-dimensional feel to the folds of the drape, are pure Signorelli vintage. The picture may have "suffered extensively from past restorations," but its striking beauty seems unimpaired.

With portraits such as this, that anticipate in feeling the most profoundly moving likenesses by Zurbarán and Rembrandt, Signorelli comes out of the show as one of the very first great masters of modern times, leaving behind the medieval world and its metaphysical preoccupations to turn to his fellow humans. Henry is writing a book on the artist. If it lives up to the promise held out in the show, it will be an event.

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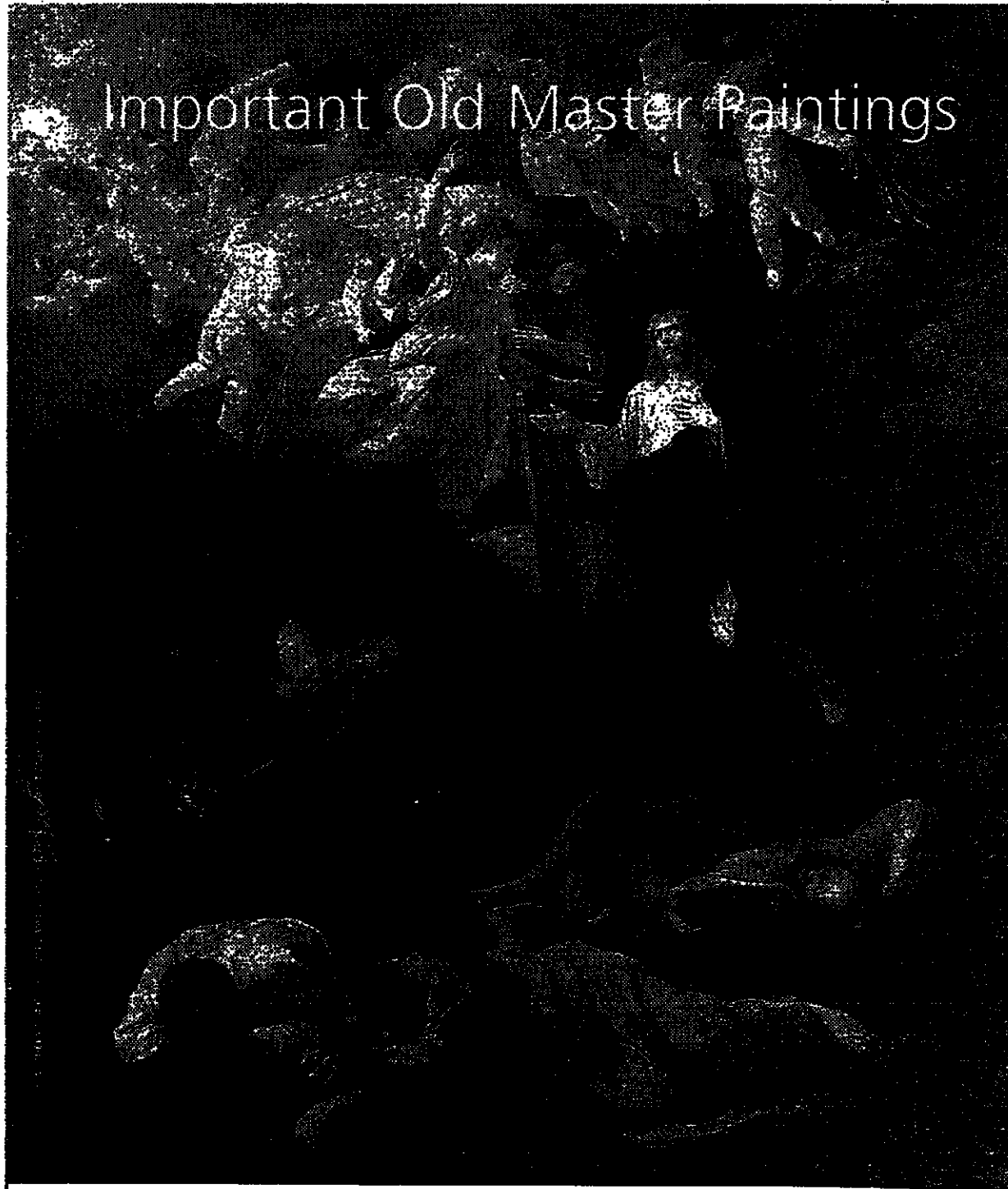
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BOOKS

THE BEATLES: An Oral History

By David Pritchard and Alan
Lysaght. \$23.95.
332 pages. Hyperion.

Reviewed by
Allan Kozinn

WHEN "The Beatles Anthology" was released in 1996, it was the expressed hope of the former band members that this 10-hour video production would be the Beatles biography to end all Beatles biographies.

Instead it became more grist for a mill that still pours forth everything from scholarly analysis to diary-style listings of the events in the saga. The Beatles' insistence that only they could say what really happened, however, has given rise to a style of biography in which authors try to fade into the woodwork.

David Pritchard and Alan Lysaght take that approach in "The Beatles: An Oral History," a book that draws on material they began collecting in the late 1970s for a 24-hour radio series, "The Beatles: The Days in Their

Lives," and interviews they have conducted since the show was broadcast.

To their credit, Pritchard and Lysaght do not leave the story in the Beatles' mouths, although they are quoted plentifully. Friends, journalists and disk jockeys who traveled with them all weigh in, as do recording engineers and session musicians, artists who designed their record jackets and members of the inner circle at Apple, the company the Beatles set up to run their affairs. By casting such a wide net, the authors offer perspectives beyond those usually cited in Beatles' biographies.

There are also some dangling mysteries, including several contradictory versions of how, when and where Brian Epstein discovered the group that he would manage to stardom. And Dick Rowe, the producer at Decca who rejected the Beatles after they auditioned for the label in January 1962, explains his decision and is discussed sympathetically by several colleagues, including some in the Beatles' circle.

This book tells the Beatles story with a reasonable balance of diplomacy and candor, and its most enlightening quotations nearly make up for the lack of a guiding, interpretive viewpoint. But a biography built on unprocessed interviews has to be edited more carefully than this.

New York Times Service

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Pressure on Bonn Mounts As Unemployment Surges

By John Schmid
International Herald Tribune

FRANKFURT — Germany added to Europe's growing economic pessimism Friday as it reported that unemployment rose back over the 4 million level in December.

With economic confidence across Europe already fragile and economists cutting back growth forecasts, rising jobless totals in Europe's biggest economy threaten to further poison the mood, economists said.

Black job prospects could compel edgy consumers to cancel purchases and companies to delay investment and hiring, they said.

Unemployment increased by 250,000 people in December, to 4.197 million, or 10.9 percent of the work force, from 3.946 million, or 10.2 percent, in November. That was the nation's second consecutive month of worse-than-expected labor market news.

Business leaders used the jobs data to renew pressure on the government, which they say has failed to attack the root causes of the nation's chronic jobs crisis.

The German Federation of Labor predicted this week that unemployment would continue to swell for weather-related reasons and hit 4.2 million by February. That poses fresh challenges to the newly elected leftist government, which has vowed to make job creation its highest priority.

As recently as September, when elections were held, unemployment fell for the first time in two years below the 4 million benchmark, which is widely seen as a national crisis level.

Bernhard Jagoda, president of the Federal Labor Office, blamed a cold snap in December and cutbacks in taxpayer-supported make-work programs. But even after stripping out weather-related effects, the seasonally adjusted measure of unemployment rose to 10.8 percent from 10.7 percent in November.

The Cologne-based Federation of Employers blamed the increase in unemployment on the policy "uncertainties" created by the new governing coalition of Social Democrats and the pro-environment Greens party.

Although the federation said the world economic slowdown had left scars on the German economy, it emphasized that "even more decisive is that companies are unsettled by the future economic, social and spending policy of the red-green government. New investments are delayed and new hires are postponed."

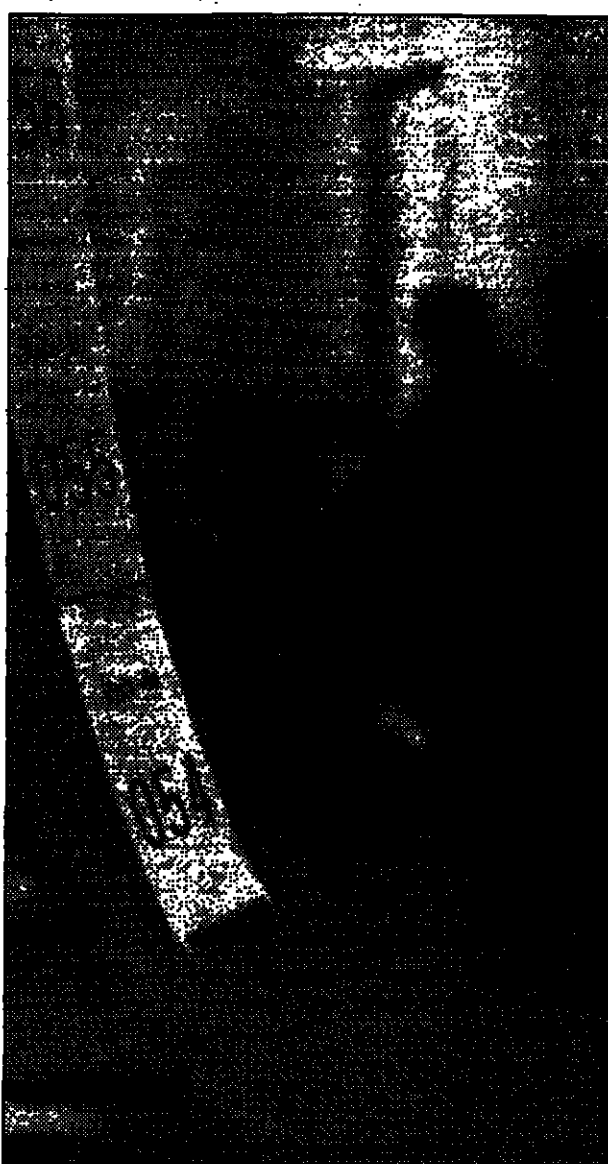
Werner Strumpf, president of the Gesamtmetall trade group for the metalworking and engineering industries, demanded immediate action by the government to create more jobs. Opposition leaders in Bonn also attacked the government, saying the rise in unemployment was a warning to change course on economic policy.

Some economists warn that a further slowdown in Europe's economy could encourage opponents of the newly inaugurated common currency, the euro, to blame monetary union for the hard times.

"The European Central Bank has to worry about this because higher unemployment will be blamed on the euro, rightly or wrongly," said Adolf Rosenstock, economist at Nomura International PLC.

"This is an underlying risk that goes far beyond ordinary economics," he added. "We cannot forget that monetary union just started and it is fragile, it depends on goodwill. People do not necessarily have to love it, but they have to accept it."

Wim Duisenberg, president of the European Central Bank, this week called the "weakening of industrial confidence" one of the main uncertainties facing the 11-nation euro bloc.



Unemployed workers waiting for their number to be called Friday at a federal agency in central Berlin.

U.S. Labor Market Gets Best News in 4 Decades

Compiled by Our Staff From Dispatches

WASHINGTON — A burst of year-end hiring pushed the U.S. unemployment rate down to 4.3 percent in December from 4.4 percent in November, the government said Friday, giving 1998 the strongest peacetime labor market in four decades.

The seasonally adjusted jobless rate in November ties a 28-year low set in April. For the year, unemployment averaged 4.5 percent, the lowest since 3.5 percent in 1969 during the Vietnam War. The 1998 mark was the lowest peacetime rate since 1957, when it averaged 4.3 percent.

Employers added 378,000 jobs to their payrolls in December — the most in 15 months and nearly double what analysts anticipated.

President Bill Clinton revealed in the latest economic data, which he said marked "the longest peacetime expansion in history."

"We gather today at a time of an American economic renaissance," Mr. Clinton told the Economic Club of Detroit. "Most things are going right for our country."

The stock market rallied into record territory on the unemployment news as investors bet that strong job growth would keep the economy expanding and corporate profits increasing. (Page 10)

"There's really no sign of labor-market weakness in the data," said Scott Brown, an economist at Raymond James & Associates in St. Petersburg, Florida. The report "kind of makes those recession calls back in September and October look pretty silly."

Some of the gain reflected unseasonably warm weather, which produced a huge 104,000 gain in construction jobs, but much of it reflected the U.S. economy's resilience in the face of the global economic slump that began in Asia a year and a half ago.

"This remarkable economy has been swatting away punches that would have knocked

out anybody else," said Oscar Gonzalez, an economist at John Hancock in Boston.

For the year, 2.9 million jobs were added, compared with 3.4 million in 1997. That growth was achieved despite 234,000 job losses in manufacturing and 35,000 in mining, mainly oil-drilling, reflecting slack demand.

The strong December report was accompanied by a continuation of tame labor costs. Workers' average hourly earnings, a gauge of business costs, rose 0.4 percent — or 5 cents — to \$12.98 in December, following an increase of 0.2 percent during November.

The jobless rate has been below 5 percent since June 1997. In the early 1990s, it rose as high as 7.8 percent. As 1999 begins, big corporations are cutting jobs, but many small and medium-sized companies are picking up the slack and adding workers.

Furthermore, the National Federation of Independent Business, an organization of small and medium-sized companies, said a record number of its 600,000 members — about 30 percent — had job openings and were having difficulty finding applicants in the fourth quarter of 1998, according to the federation's chief economist, William Dunkelberg.

Service-producing employment rose by 290,000 in December from the month before, reflecting a banner year for computer services. Public relations and temporary services also contributed to the gain.

But manufacturing employment decreased by 13,000 last month, bringing the total job loss since March to 272,000.

Katharine Abraham, commissioner of the Bureau of Labor Statistics, warned that December job growth may have been inflated somewhat by a statistical anomaly.

Many economists are predicting the labor market will weaken somewhat this year, although it will remain healthy by historical standards. (AP, Bloomberg)

Hyundai to Sell Assets to Cut Debt

By Stephanie Strom
New York Times Service

TOKYO — Bowing to pressure to bring its debt levels down from stratospheric levels, Hyundai Group, South Korea's largest and most independent conglomerate, said Friday it would sell 11 affiliates to raise more than \$5 billion.

The group, which makes a range of products from cars to computer chips, has been criticized for increasing its debt levels since South Korea's economic crisis began more than a year ago. In the first 11 months of 1998, as the South Korean economy slid into an abyss and many of Hyundai's core businesses declined dramatically, the group's debt rose by \$1.5 billion to more than \$36 billion.

Specifics of the asset disposals were sketchy. Park Se Yong, head of Hyundai's restructuring activities, said that the companies to be sold have total assets of \$16 billion.

[Hyundai also plans to separate its Hyundai Motors from the group by 2001 and operate it as an independent company, news agencies reported.]

[The bulk of the assets will be offered to foreign investors to meet Hyundai's target of raising \$5.4 billion overseas.]

"[Hyundai] has no other choice but to unload its assets," Lee Jung Ja, head of research at HSBC James Capel, told Bloomberg News. "The problem is, unless it's ready to sell one of its core businesses, its money-raising target seems simply unrealistic."

Additionally, Hyundai Electronics Industries Co. plans to sell its operations that do not directly relate to its core computer-chip business by the end of this year, raising money to finance its purchase of former rival, the LG Semicon Co.

The two chipmakers are merging as part of the "Big Bang," the South Korean government's efforts to reduce overcapacity by forcing the country's five largest conglomerates, known as chaebol, to swap businesses so that some emerge dominant in, say, auto manufacturing, while others will be high-tech giants.

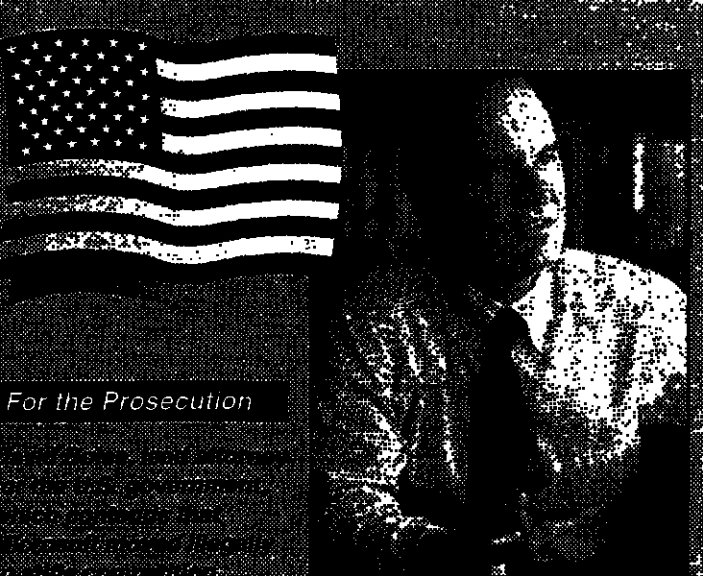
The purchase of LG Semicon is expected to add some \$3.8 billion in debt to the group's financial obligations. Its purchase of the insolvent Kia Motors Corp. is going to increase debt by another \$5.5 billion.

Hyundai and South Korea's four other large chaebol — Samsung, Daewoo, LG and SK — have thus far largely avoided the sweeping overhauls forced upon some of their smaller brethren by South Korea's economic slump.

[In Hyundai's case, the group is in the process of adding Kia Motors and its Asia Motors affiliate, two debt-ridden automakers. It also won exclusive rights to operate cruises to North Korea last year, Bridge News reported.]

[Hyundai said Friday it expected its planned asset sales to reduce its revenue by 21.9 percent by the end of this year from 93.28 trillion won in 1998, while its assets will shrink 32.6 percent from 101.75 trillion won.]

The United States...



...v. Microsoft



Microsoft: A Question of Character

Government Witnesses Portrayed Firm as Bullying Monopoly

By Steve Lohr
New York Times Service

WASHINGTON — As the last government witness nears the end of his testimony, it is increasingly clear that the government's antitrust case against Microsoft Corp. is an indictment not only of the business practices of the world's dominant software maker but also of its corporate character.

Witness after witness — an executive roll call of companies that drive today's economy, including Intel Corp., International Business Machines Corp., Netscape Communications Corp., America Online Inc., Sun Microsystems Inc. and Apple Computer Inc. — has portrayed Microsoft as a bullying monopolist.

The Justice Department charges that Microsoft is guilty of a litany of misconduct, including illegally using its market muscle to impose restrictive contracts, to engage in predatory pricing and to attempt to divide markets. Microsoft took each step, the government contends, to stifle competition and thwart challenges to its monopoly product, the Windows operating system, which, Microsoft opponents argue, is the computing equivalent of the telephone dial tone.

The government's case seems persuasive. Yet as the trial has plodded since October through cross-examinations of witnesses, with both sides presenting mountains of documents and e-mail, there is certainly room for doubt. Each disputed meeting, contract and product strategy is open to interpretation.

There is no jury in this trial. Judge Thomas Penfield Jackson must wade through all the conflicting evidence and decide whether Microsoft's motives were mainly to impede competition or to improve its products. In determining which side to believe, he will inevitably be guided by his own judgment of whether Microsoft is a vigorous competitor or predatory monopolist.

That is why the Justice Department has gone to such lengths to depict Microsoft as a corporate bad guy and its chairman, Bill Gates, as uncooperative and less than truthful in the videotaped excerpts of his deposition testimony shown repeatedly in court.

The Microsoft e-mail and strategy documents show, at the least, a no-holds-barred approach to competition. In colorful language, they outline plans to "kill," "pollute" and "subvert" the products of rivals. Marketing campaigns are referred to as jihad. Microsoft insists that its corporate culture is one of "constructive paranoia," ensuring that it does not lose its competitive edge. Besides, Microsoft's legal team argues, inflammatory e-mail and unguarded comments have no standing in an antitrust case,

which should be based on facts and figures.

"The antitrust laws are not a code of civility in business," John Warden, Microsoft's lead trial lawyer, told the court in his opening statement.

Since then, however, Microsoft has introduced its own evidence — including e-mail from rivals planning to gang up to "kill the beast from Redmond" — to try to show that Microsoft's swagger and style are not unusual among high-technology companies.

Still, antitrust experts say that the corporation's character could prove important because the government is trying to show a pattern of illegal behavior by Microsoft over years. If the government wins, it could argue for far stronger sanctions against Microsoft than were anticipated at the start of the trial.

Justice is arguing that Microsoft is a recidivist, has consistently shown a disregard for the antitrust laws," said Robert Litan, a former official in the Justice Department's antitrust division.

They are trying to convince the judge that he should deliver a strong guilty verdict and then do something big and substantial so Microsoft won't do it again."

Microsoft scoffs at such reasoning, asserting that the government has simply not mounted much of a case.

"The Justice Department has presented no critical mass of evidence against Microsoft," said William Neukom, senior vice president of law and corporate affairs. "There is no monopoly. There is no predatory pricing. There is no illegal tying of one product to another. Microsoft's contracts have not foreclosed other companies from distributing their products."

The government's case, many antitrust specialists say, is a mixed bag of strong and weak claims — all of which Microsoft will try to refute when it begins its defense next week. The Justice Department, these people say, seems to have done best in establishing that Microsoft has a monopoly in personal-computer operating systems and has imposed restrictive contracts on computer makers and Internet service suppliers. "The monopoly argument pretty much makes itself, and it certainly looks as if Microsoft has crossed the line in terms of exclusivity contracts," said Carl Shapiro, an economist at the University of California.

See MICROSOFT, Page 13

AT&T Upgrades Profit Outlook and Signals Stock Split

Compiled by Our Staff From Dispatches

NEW YORK — AT&T Corp., the No. 1 U.S. long distance company, said Friday that it expected its 1999 profit to beat Wall Street expectations as its revenue grows 5 percent to 7 percent.

AT&T also announced plans for a \$4 billion stock repurchase and a three-for-two stock split.

The company expects 1999 earnings from continuing operations to be in the range of \$4.20 a share to \$4.30 a share.

Wall Street had expected AT&T to earn \$4.09 a share, according to First Call, which tracks analysts' estimates.

The forecast excludes the impact of its pending \$48 billion acquisition of the cable television giant Tele-Com-

munications Inc., as well as the stock split and share repurchase plan.

AT&T expects the acquisition to dampen earnings by \$1.00 a share on a pro forma basis, assuming the deal closes at the end of the first quarter.

Revenue in its business-services unit will grow by about 7 percent to 9 percent, the company said. Consumer long-distance revenue is expected to fall by about 2 percent to 4 percent amid intense competition and the shift toward wireless services from other high-margin services such as calling cards.

TCI and other pending acquisitions are part of Chief Executive Michael Armstrong's plan to cut AT&T's dependence on consumer phone operations and instead focus on fast-growing wireless, data and video services.

"Armstrong has been more than a breath of fresh air there, taking control of the company and fundamentally changing the way they do business," said Daniel Zito, an analyst at Legg Mason Wood Walker Inc.

AT&T stock closed up \$2.9375, at \$85.1875. Since Mr. Armstrong joined the company 14 months ago, the stock has climbed about 70 percent. (Reuters, Bloomberg)

CURRENCY RATES

Jan. 8										Jan. 8									
Cross Rates										Other Dollar Values									
	\$	£	SF	Yen	CS	Dane	Greek	Swede		Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$		
London (a)	1.6403		2.2899	182.77	2.4834	10.5722	458.46	12.99		Argentine peso	0.00998	Boz. (bolsa)	214.43	N. Zealand \$	1.8495	Sw. krona	36.52		
New York (b)		1.6422		1.394	117.03					Australian \$	1.5727	Indian rupee	42.535	Norw. krona	2.558	S. Afric. rand	4.0025		
Tokyo	111.55	184.27	80.94		73.69	17.93	0.542	0.1616		Canadian \$	0.621	Ind. rupiah	7855	Pak. rupee	2.0071	S. Korea won	112		
Toronto	1.5134	2.4858	1.0853	1.3631		0.2353	0.542	0.1916		Chinese yuan	0.15	Colomb. peso	0.0002	Phil. peso	0.029	Taiwan \$	32.21		
Zurich	1.3975	2.2895			1.2535	0.9233	21.6548	0.005	0.176	Czech koruna	0.002	Egypt. pound	0.0004	Polish zloty	3.46	Thai baht	36.38		
										Dracma	200.48	Indon. rupiah	0.0002	Romanian leu	0.0002	Turkish lira	200.48		
										Hong Kong \$	7.7472	Malay. ringgit	0.0002	Singapore \$	0.67	UAE dirham	3.6727		
																Venez. bolivar	564.00		

FIDELITY ORIENT FUND

Société d'Investissement à Capital Variable
Kansallis Houde - Place de l'Europe
B.P. 2174, L-1021 Luxembourg
R.C. Luxembourg B 19061

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Fidelity Orient Fund Sica (the "Company") will be held at the registered office of the Company in Luxembourg on January 19, 1999 at 11.00 a.m. to consider the following agenda:

- To resolve to liquidate the Company.
- To appoint Fidelity Investments Luxembourg S.A. as the Liquidator and to determine the powers to be granted to the Liquidator and the liquidation procedure.
- To fix the date of the second Shareholders' Meeting to hear the Report of the Liquidator and to appoint PricewaterhouseCoopers, Luxembourg as Auditor to the Liquidation of the Company.
- To fix the date of the third Shareholders' Meeting to hear the Report of the Auditor and to resolve to close the Liquidation of the Company.

In order to deliberate validly on item 1 of the agenda, at least 50% of the shares issued must be represented at the Meeting, and a decision in favour of the Resolution must be approved by Shareholders holding at least 2/3 of the shares represented at the Meeting.

Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A Shareholder may act in any Meeting of Shareholders by proxy.

By Order of the Board of Directors
October 5, 1998

Fidelity Investments

THE AMERICAS

U.S. to Extend Tax Breaks for Steelmakers

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton will not yet limit imports of foreign steel to the United States, despite the demands of steel unions and some producers, but will take a range of lesser actions intended to aid the industry, the White House has told Congress.

In a report to Congress submitted days after a deadline while Mr. Clinton and his economic team debated the politically charged issue, the White House said it would seek to extend a \$300 million tax break for steel producers.

But on Friday, Mr. Clinton signaled he was ready to take "forceful action" to curb a flood of imported steel.

He singled out Japan, which has accounted for almost half the import surge, warning that unless those shipments begin dropping dramati-

cally, his administration would begin action to impose stiff penalty tariffs on Japanese steel.

"Bankrupting the American steel industry that went through so much is not my idea," Mr. Clinton said in a speech to the Economic Club of Detroit.

The tax break may provide some modest relief to the companies but would be only of indirect help to the United Steelworkers of America, the politically powerful union that had demanded sharp limits on Russian, Japanese, South Korean and Brazilian steel that it said is being dumped in the American market.

The report Thursday also warned Japan, the largest exporter of many types of steel, that the government would begin a broad inquiry that could lead to tariffs on many types of Japanese steel if exports did not abate. Japanese steel shipments in-

creased more than 400 percent in the first nine months of 1998.

In the end, the administration stopped short of actually beginning that legal process, which many of the companies had urged in hopes of sending a stronger message to Japan and other nations.

White House officials, hoping to soothe the United Steelworkers of America and companies like LTV Corp., U.S. Steel-UXS Group and Bethlehem Steel Corp., also said they would press the European Union to buy more steel from Russia and that they were pushing the South Korean government to stop supporting that nation's steel companies.

Administration officials also said that Japan's government had pledged that steelmakers from Asia's largest economy would cut exports to the United States to "close to 1997 levels" by the end of this year.

But a Japanese trade official denied that Tokyo had promised to cut steel exports this year.

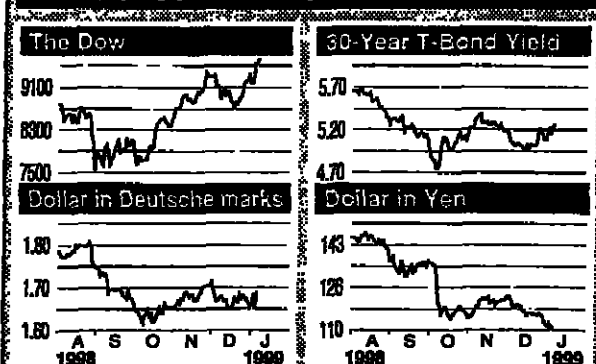
"We have not given any 1999 estimates of steel exports to the United States and have made no such promise," an official of the Ministry of International Trade and Industry said Friday.

The report drew a derisive response from steel-state lawmakers and steel executives.

"This is a very disappointing report," said Senator Arlen Specter, Republican of Pennsylvania, chairman of the congressional steel caucus. "You have a steel industry hemorrhaging with the flooding of our markets with foreign dumped steel, causing losses of thousands of jobs, and the administration is applying a small band-aid to that massive hemorrhage."

(NTT, WP, AP, AFP, Reuters)

Investor's America



Source: Bloomberg, Reuters

Very briefly:

• **Texaco Inc.**, the third-largest U.S. oil company, will take fourth-quarter charges of about \$350 million for the cost of cutting its work force and to account for the declining value of its oil fields and stored oil.

• **PC Data Inc.**, a company that tracks sales of personal computers, said retailers shipped 900,000 to 1 million PCs in December, a rise of about 41 percent. Revenue rose just 10 percent for the month to about \$1 billion because of deep price cuts.

• **Lucent Technologies Inc.**, the largest U.S. maker of phone equipment, expects a fiscal first-quarter gain of \$1.3 billion, or 97 cents a share, for an accounting change related to pension and retirement benefits.

• **Canada's unemployment rate** in December was little changed from November at 8 percent, according to Statistics Canada, while employment edged up 24,400 in December, bringing an estimated 1998 job growth to 449,000, the best for 10 years.

• **Tractebel SA**, the largest utility in Belgium, has increased its stake in Centrais Geradoras do Sul do Brasil SA, the second-largest power generator in Brazil, to 68 percent from 51 percent for an undisclosed price.

• **MGIC Investment Corp.**, the biggest private mortgage insurer in the United States, said fourth-quarter earnings rose 15 percent to \$99.7 million.

Bloomberg, Reuters

MCI Says It Doesn't Covet AirTouch

NEW YORK — MCI WorldCom Inc. said Friday that it was not bidding for AirTouch Communications Inc. AirTouch, the largest U.S. wireless phone company, has been the subject of takeover rumors since it confirmed it was discussing a combination with Bell Atlantic last week. Vodafone PLC of Britain also was said to be considering a bid for AirTouch.

U.S. STOCK MARKET DIARY

Friday, Jan. 8				
Index	High	Low	Close	Change
Dow Jones	8328.25	8298.25	8308.25	+100.00
S&P 500	1125.25	1120.25	1122.25	+2.00
Nasdaq	2150.25	2140.25	2145.25	+5.00
AMEX	100.25	99.25	99.75	+0.50

Most Active				
Symbol	High	Low	Close	Change
AT&T	42.25	41.75	42.00	+0.25
IBM	115.25	114.75	115.00	+0.25
Microsoft	55.25	54.75	55.00	+0.25

Standard & Poor's				
Index	High	Low	Close	Change
500	1125.25	1120.25	1122.25	+2.00
100 Industrials	1125.25	1120.25	1122.25	+2.00
100 Tech	1125.25	1120.25	1122.25	+2.00

NYSE				
Symbol	High	Low	Close	Change
IBM	115.25	114.75	115.00	+0.25
Microsoft	55.25	54.75	55.00	+0.25
Oracle	45.25	44.75	45.00	+0.25

Nasdaq				
Symbol	High	Low	Close	Change
Microsoft	55.25	54.75	55.00	+0.25
Amazon.com	15.25	14.75	15.00	+0.25
Yahoo!	12.25	11.75	12.00	+0.25

AMEX				
Symbol	High	Low	Close	Change
Gold	380.25	379.25	380.00	+0.75
Silver	10.25	10.00	10.10	+0.10
Platinum	1000.25	999.25	1000.00	+0.75

Dow Jones Bond				
Index	High	Low	Close	Change
20 Bonds	104.25	103.25	103.75	+0.50
10 Industrials	104.25	103.25	103.75	+0.50
10 Tech	104.25	103.25	103.75	+0.50

Trading Activity				
Index	High	Low	Close	Change
NYSE	1125.25	1120.25	1122.25	+2.00
Nasdaq	2150.25	2140.25	2145.25	+5.00
AMEX	100.25	99.25	99.75	+0.50

Market Sales				
Index	High	Low	Close	Change
NYSE	1125.25	1120.25	1122.25	+2.00
Nasdaq	2150.25	2140.25	2145.25	+5.00
AMEX	100.25	99.25	99.75	+0.50

Dividends				
Company	Per Amt	Rec Pay	Company	Per Amt
NFC Health Inc.	0.25	1-25	3M Co.	0.25
Pharmacia Inc.	0.25	1-25	Amgen Inc.	0.25

STOCK SPLIT				
Company	Per Amt	Rec Pay	Company	Per Amt
Alcoa Inc.	0.25	1-25	3M Co.	0.25
Pharmacia Inc.	0.25	1-25	Amgen Inc.	0.25

REVERSE STOCK SPLIT				
Company	Per Amt	Rec Pay	Company	Per Amt
Alcoa Inc.	0.25	1-25	3M Co.	0.25
Pharmacia Inc.	0.25	1-25	Amgen Inc.	0.25

INCREASED				
Company	Per Amt	Rec Pay	Company	Per Amt
Alcoa Inc.	0.25	1-25	3M Co.	0.25
Pharmacia Inc.	0.25	1-25	Amgen Inc.	0.25

YEAR-END				
Company	Per Amt	Rec Pay	Company	Per Amt
Alcoa Inc.	0.25	1-25	3M Co.	0.25
Pharmacia Inc.	0.25	1-25	Amgen Inc.	0.25

REDUCED				
Company	Per Amt	Rec Pay	Company	Per Amt
Alcoa Inc.	0.25	1-25	3M Co.	0.25
Pharmacia Inc.	0.25	1-25	Amgen Inc.	0.25

U.S. Stock Tables Explained				
Symbol	High	Low	Close	Change
IBM	115.25	114.75	115.00	+0.25
Microsoft	55.25	54.75	55.00	+0.25
Oracle	45.25	44.75	45.00	+0.25

Strong Jobless Data Spark Record Rally

Compiled by Our Staff From Dispatches

NEW YORK — Stocks rose strongly Friday, with major indexes setting records after the government reported strong employment figures December, suggesting the economy was on track for continued growth.

The Dow Jones industrial average closed 105.56 points higher at a record 9,643.32 and the Nasdaq composite index closed 18.86 points higher at a record 2,344.95.

The Standard & Poor's 500 index rose 5.36 points to a record 1,275.09 and advancing issues and declining issues were about even on the New York Stock Exchange.

Investors snapped up issues likely to do best in times of economic expansion after the government said the U.S. jobless rate fell in December and that job creation was strong.

That pointed to continued expansion in the economy and potential for strong corporate profit growth.

"The bears were worried that the economy would slow and corporate profits would come down," said Don Selkin, market strategist at Joseph Gunner & Co. "This seems to show the complete opposite. The market is saying that fourth-quarter profits will be better than expected."

Investors bought automobile, paper, aluminum and chemical companies. Ford rose 3 7/16 to 65 1/4 and GM rose 2 1/4 to 80 1/16.

But as usual, gains were more spectacular in the technology sector. Lycos, an Internet search engine, rose 20 1/4 to 91 1/4 and Excite, a com-

petitor, rose 4 11/16 to 60. Amazon.com, the on-line book-seller that has seen a meteoric stock

U.S. STOCKS

rise over the past few months, finished up 1 1/4 at 160 1/4, after rising more than 20 at one point.

Many Internet-related stocks have posted gains that defy any form of market logic. Broadcast.com, which airs corporate conference calls and other programming on the Internet, closed up 6 5/8 at 197 1/4 after having touched 230 earlier in the day.

The company, which has yet to report a profit, first sold shares

to the public at 18 each in July.

Nasdaq officials halted trading in the stock for about an hour to ask executives to explain the stock's activity, but the company declined to comment.

"It's a trading environment, not an investing one," said Dan Mathison, head stock trader at D.E. Shaw Securities. "Everybody's saying they're buying because things are going up. That sets us up for volatility, and I expect to see volatility like we've never seen before."

Some technology benchmark issues fell, with Microsoft losing 3/4 to 149 1/4 and America Online dropping 2 1/4 to 145 1/4.

In the Treasury bond market, prices fell on expectations that the Federal Reserve Board will not cut interest rates again soon given the strength of the economy.

A strong economy also could allow inflation to accelerate, which would erode income from fixed-income securities.

The price of the benchmark 30-year issue fell 23/32 point to 99 21/32, taking the yield up to 5.26 percent from 5.22 percent Thursday.

"The chances of the Fed easing are being pushed far into the future," said Douglas Porter, senior economist at Nesbitt Burns.

(Bloomberg, AP)

Robust U.S. Employment Data Bolster Dollar

Bridge News

NEW YORK — The dollar surged against most other major currencies Friday after the government's December employment report showed that the U.S. economy remains in robust shape.

The report that the U.S. economy created 378,000 new jobs in December — the biggest increase since September 1997 — contrasted strongly with German employment data released Friday that showed the number of German unemployed rising sharply last month.

While the U.S. unemployment rate fell back to a 28-year low of 4.3 percent, the German jobless rate

jumped to 10.9 percent from 10.2 percent.

Dealers said the two reports reinforced market sentiment that the U.S. economy is likely to outperform the European economy this year, and helped the dollar to

strengthen against the euro.

"The U.S. economy remains in a booming mode," said Grant Wilson, a trader at Mellon Bank. The strength of the U.S. employment report prompted many investors to conclude that the Federal Reserve Board is unlikely to cut

interest rates again soon and that the next rate change, sometime later this year, could be a move upward.

The euro was quoted at 4 P.M. at \$1.15755, down from \$1.1705 Thursday.

The dollar rose to 139.40 Swiss francs from 137.83, while the pound fell to \$1.6422 from \$1.6510.

The dollar rose to 111.03 yen from 110.95 yen Thursday, but concerns remained that any recovery in the Japanese economy could be delayed if the yen strengthens further.

Dealers said the market also was focusing on the renewed potential for trade friction this year between Washington and Tokyo.

INTERNATIONAL FUTURES

High Low Last Chg Opt

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STOCK SPLIT				
Company		Per Amt	Rec Pay	Company
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EUROPE

Interest Rates
In Hungary
Drop Further

BUDAPEST — Hungary slashed its benchmark interest rate by three-quarters of a point Friday, its fifth cut in two months and its biggest single cut in two years, in a bid to keep its economic growth among the fastest in Europe.

The National Bank of Hungary lowered its one-month deposit rate to 16 percent from 16.75 percent, a bigger reduction than most economists had expected. The rate cut followed a rally in the bond market that pushed yields to five-year lows.

"The cuts are in accord with market expectations and market trends," said György Surányi, president of the central bank. Only a few months ago, the bank had raised rates when foreigners left Hungary in financial markets in droves after the Russian economic crisis began.

The cuts, he said, "reflect changes in the past period in the markets and in fundamentals." Finance Minister Zsigmond József said gross domestic product grew 5.2 percent in 1998, according to preliminary figures, exceeding the expectations of many analysts.

He said the public-sector deficit, based on preliminary figures, was 4.7 percent of GDP, bettering the 4.9 percent target.

The central bank last lowered its main interest rates on Dec. 21, by a quarter of a percentage point. The cut Friday suggests the central bank is confident that the annual inflation rate declined again in December, analysts said. The Central Statistical Office is scheduled to report the inflation rate Tuesday.

The rate cut will likely be supported by further reductions in inflation, which should fall to single digits in January," said Andrew Cunningham, a senior economist at Merrill Lynch & Co. in London.

The government said it was revising its 1999 average inflation target to below 10 percent.

Charles Robertson, analyst at ING Barings in London, said he thought inflation could drop as low as 7.5 percent by May. "A large part of it is due to food prices," he said. (Bloomberg, Reuters)

Euro Sails Through Its Debut Week

Stocks in Europe Rise 8% on Optimism Over New Currency

By Edmund L. Andrews
New York Times Service

FRANKFURT — Except for a few minor procedural glitches, the euro finished its first week as the new single European currency with remarkable smoothness.

"Almost boring, really," said James O'Neill, a currency strategist at Goldman Sachs in London. But that was just fine for the central bankers and political leaders who launched the euro on New Year's Day. If the euro did not jump in value, as some had hoped, it did not fall much either.

Perhaps more important, neither banks nor securities exchanges in Europe registered any big problems as a result of the massive technical conversion last weekend. Traders and money managers said they were confident that new procedures for settling transactions between financial institutions were working properly.

After jumping modestly against the dollar and most other currencies on Monday, the euro slipped

and ended the week below its starting price against the dollar. It was quoted at \$1.1596 in afternoon trading in New York on Friday, down from \$1.16675 a week ago.

But European stock markets climbed sharply, finishing the week about 8 percent higher. Optimism about the euro and relief at a smooth launch provided part of the reason.

"The only real surprise," said David Bowers, an equity strategist for Merrill Lynch in London, "was the strength of the European stock markets."

European blue-chip stocks were among the biggest winners as institutional investors began lining their portfolios with Europe-wide stock indexes.

"The move into blue-chip stocks is clearly one of the consequences of the euro," said Joachim Fels, a senior economist at Morgan Stanley. "Most of the investors are now targeting Euroland benchmarks."

Still, investors remained somewhat cautious throughout the week, with trading volumes still low in currency markets and stock markets.

BP Amoco Will Cut 900 Jobs in Britain

Reuters

LONDON — BP Amoco P.L.C., the newly formed British-U.S. energy giant, said Friday that it was eliminating 900 jobs in England and Scotland, equal to about 1 percent of its worldwide work force.

Further cuts are expected as the organization wrestles with low oil prices and administrative overlap created by the Dec. 31 merger of British Petroleum Co. and U.S.-based Amoco Corp.

"There will be other job losses around the world, as yet un-

defined," said Robert Wine, a company spokesman.

The number of onshore exploration and production employees is being reduced by about 500 positions in London and up to 200 positions in Aberdeen, with additional cuts occurring in Dorset, Dillington and the Shetland Islands, Mr. Wine said. Most of these jobs will be eliminated permanently, although about 80 will move to Aberdeen, he said.

In a letter to Aberdeen employees distributed Thursday, the company

outlined its plans and said, "This is a difficult period for everyone," explaining that "1999 will be a year of consolidation."

BP Amoco employs 100,000 people worldwide, including 4,000 in its British exploration and production operation.

When BP and Amoco announced their merger last year, they estimated a worldwide work force cut of 6,000 jobs, Mr. Wine said. Most of those cuts, which the 900 are a part, were expected to be in the United States, he said.

Phone Unit Powers Mannesmann's Profit

Bloomberg News

DUSSELDORF — Mannesmann AG, which owns the No. 1 German cellular phone company, said Friday that 1998 pretax profit rose 50 percent as growth of its new telecommunications business outpaced its engineering and automotive units.

Profit before tax and one-time items rose to 1.3 billion euros (\$1.52 billion), while sales at businesses opened at least a year rose 14 percent, to 19 billion euros. The company said it estimated net profit had

climbed "significantly."

Mannesmann, which entered the German cellular phone market seven years ago, has slashed prices by as much as 63 percent to keep its edge over Deutsche Telekom AG. The move has paid off, as demand has risen enough to offset lower prices and start-up losses at its long-distance and international phone businesses.

Mannesmann signed up 2.4 million new mobile-phone customers last year. The company's share price slipped 1 euro, to 115.50.

Profit also increased at the company's engineering and automotive units. Mannesmann said it would give further details on earnings, including net income and its 1998 dividend, in the middle of February.

Also on Friday, Mannesmann denied rumors that it was interested in acquiring AirTouch Communications Inc., the largest U.S. wireless phone company and Mannesmann's partner in Germany. AirTouch has a 35 percent in Mannesmann Mobilfunk.

Bitter Battle
For Takeover
Of U.K. Pubs

Bridge News

LONDON — The prey became the predator Friday as a takeover battle in the British brewing sector took an unexpected twist.

Marston, Thompson & Eversheds PLC bid £330 million (\$540 million) in cash and stock for Wollaton & Duddley Breweries PLC. That turned the tables on W&D, which in November offered a combination of cash and shares in a hostile bid for Marston that valued the group at £262 million.

Marston's offer valued W&D at 597 pence per share, a 16 percent premium to the stock's closing price Friday of 515 pence, up 72.5 pence. W&D stockholders, who would control about 55 percent of the merged group, would receive two new Marston shares and 246 pence in cash for each of their shares, and Marston would pay its own shareholders a special dividend of 123 pence.

Marston shares, which have climbed about 75 percent since W&D made its bid, rose 1.3 percent, or 4 pence, to 302.5 pence.

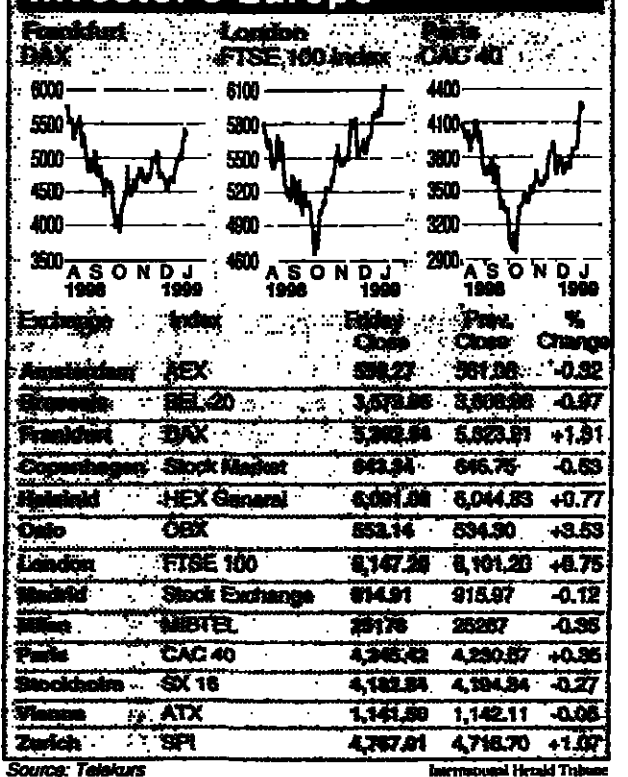
W&D's board immediately and unanimously rejected Marston's bid, saying it amounted to little more than an effort by Marston to confuse its own shareholders.

The W&D chairman, David Miller, said, "Marston clearly have no defense to our logical proposal for industry consolidation and have, therefore, chosen to embark on an expensive and flawed counterattack aimed at distracting their own shareholders from the merits of our bid."

While both parties agree that the U.K. brewing industry needs to consolidate, they differ as to what shape the sector should take. W&D — one of the largest regional brewers, with two breweries and 1,015 pubs — champions vertical integration, but Marston, which operates about 900 pubs and one brewery, emphasizes its pub activities and aims to move away from brewing.

W&D contended Friday that Marston's plan to sell off the enlarged group's network of about 1,000 tenanted pubs, which are owned by the brewery but operated by tenants, would remove a highly profitable, cash-generating asset.

Investor's Europe



Very briefly:

- Philips Electronics NV, Europe's largest consumer-electronics maker, plans to invest 408 million euros (\$477 million) over five years to concentrate its Eindhoven, Netherlands, research and development units in a single location.
- Daiwa Securities Co., Japan's second-largest brokerage, will fire about a fifth of its European work force next week, with most of the 80 job cuts expected to come in its finance and administration operations. Daiwa Europe Ltd., the London-based arm of Daiwa Securities, employed about 430 people at the end of October.
- Munich Re has spun off stakes worth 60 billion Deutsche marks (\$36.3 billion) into separate units. Muenchener Rueckversicherungs AG, the world's largest reinsurer, said the reorganization of its assets would have no effect on its balance sheet, and it had no plans for any sales or purchases of stakes.
- Nokia Oy of Finland has won an order worth \$280 million to expand the global system for mobile communications, or GSM network, of Henan in China. The expansion would increase the capacity of the network to 4 million subscribers in one of the biggest Chinese provinces. China is Nokia's main market in Asia.
- Gucci Group, the Italian fashion house at the center of takeover speculation, forecast that strong holiday season sales had put it on target to post almost 5 percent earnings growth for the year ending in January. The forecasts come amid speculation that LVMH Moët Hennessy Louis Vuitton SA is considering a takeover of Gucci.
- Allied Domecq PLC, a British retailer and drinks company, sold its Irish drinks distributor Cantrell & Cochran to the venture capital firm BC Partners for £519 million (\$857 million). (AFP, Bloomberg, Reuters)

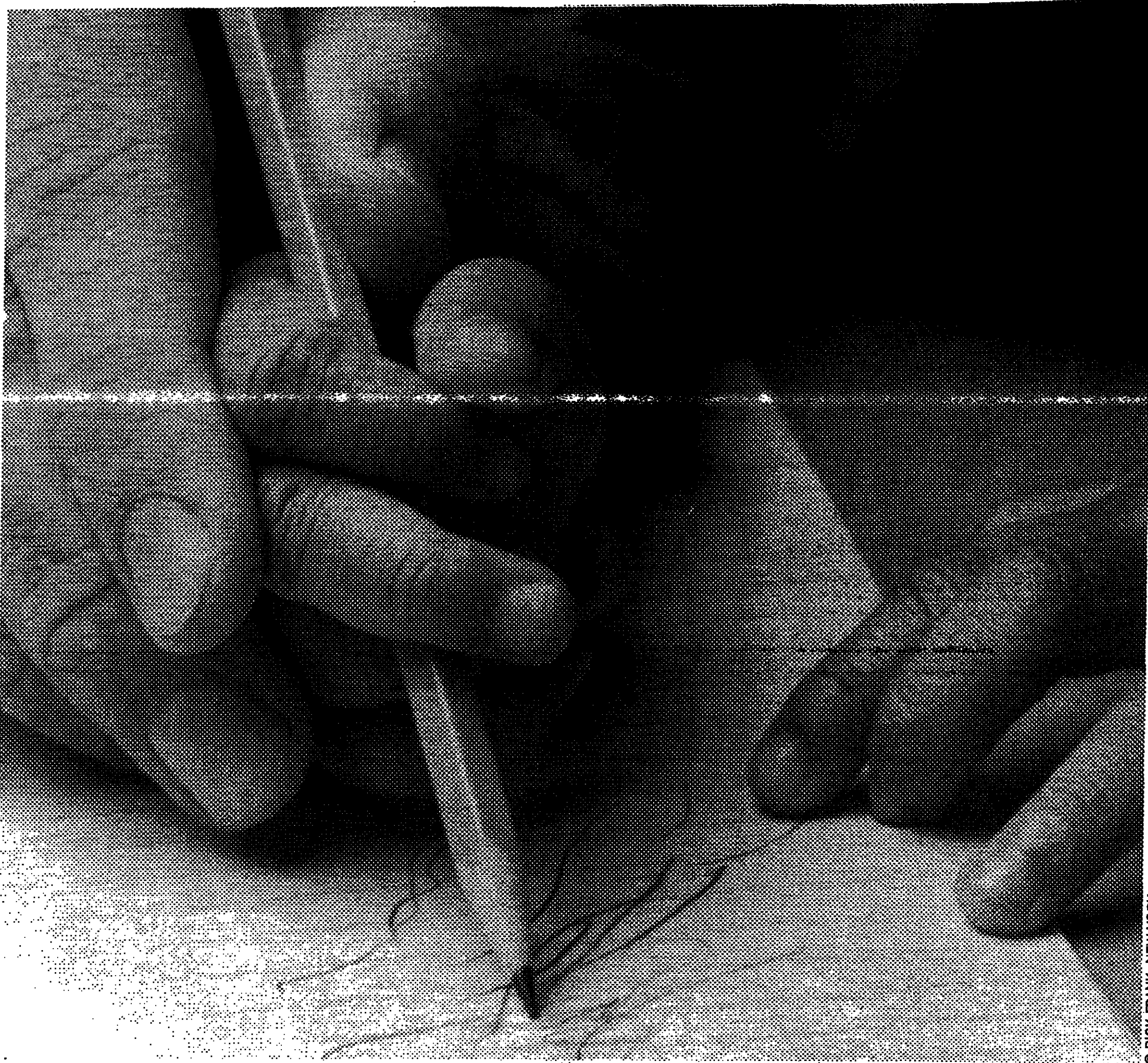
WORLD STOCK MARKETS

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NASDAQ

Friday's 4 P.M. Close The 1,000 most traded National Market securities in terms of dollar value, updated twice a year. The Associated Press.									
Stock	Dr	Yld	PE	High	Low	Open	Close	Change	Volume
IBM	128.00	4.5	15.0	128.00	127.00	127.50	127.50	+0.50	1,200,000
Microsoft	56.00	3.5	18.0	56.00	55.00	55.50	55.50	+0.50	1,100,000
Apple	45.00	3.0	20.0	45.00	44.00	44.50	44.50	+0.50	1,000,000
Oracle	35.00	3.0	25.0	35.00	34.00	34.50	34.50	+0.50	900,000
Amazon	25.00	2.5	30.0	25.00	24.00	24.50	24.50	+0.50	800,000
Google	15.00	2.0	35.0	15.00	14.00	14.50	14.50	+0.50	700,000
Yahoo	10.00	1.5	40.0	10.00	9.00	9.50	9.50	+0.50	600,000
Alibaba	5.00	1.0	45.0	5.00	4.00	4.50	4.50	+0.50	500,000
Facebook	3.00	0.5	50.0	3.00	2.00	2.50	2.50	+0.50	400,000
Twitter	2.00	0.5	55.0	2.00	1.00	1.50	1.50	+0.50	300,000
LinkedIn	1.50	0.5	60.0	1.50	0.50	1.00	1.00	+0.50	200,000
Slack	1.00	0.5	65.0	1.00	0.50	0.50	0.50	+0.50	100,000
Zoom	0.50	0.5	70.0	0.50	0.20	0.30	0.30	+0.50	50,000
Dropbox	0.30	0.5	75.0	0.30	0.10	0.20	0.20	+0.50	20,000
Evernote	0.20	0.5	80.0	0.20	0.05	0.15	0.15	+0.50	10,000
OneDrive	0.10	0.5	85.0	0.10	0.02	0.08	0.08	+0.50	5,000
Google	0.05	0.5	90.0	0.05	0.01	0.04	0.04	+0.50	2,000
Microsoft	0.02	0.5	95.0	0.02	0.00	0.01	0.01	+0.50	1,000
Apple	0.01	0.5	100.0	0.01	0.00	0.00	0.00	+0.50	500
Oracle	0.00	0.5	105.0	0.00	0.00	0.00	0.00	+0.50	200
Amazon	0.00	0.5	110.0	0.00	0.00	0.00	0.00	+0.50	100
Google	0.00	0.5	115.0	0.00	0.00	0.00	0.00	+0.50	50
Microsoft	0.00	0.5	120.0	0.00	0.00	0.00	0.00	+0.50	20
Apple	0.00	0.5	125.0	0.00	0.00	0.00	0.00	+0.50	10
Oracle	0.00	0.5	130.0	0.00	0.00	0.00	0.00	+0.50	5
Amazon	0.00	0.5	135.0	0.00	0.00	0.00	0.00	+0.50	2
Google	0.00	0.5	140.0	0.00	0.00	0.00	0.00	+0.50	1
Microsoft	0.00	0.5	145.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	150.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	155.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	160.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	165.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	170.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	175.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	180.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	185.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	190.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	195.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	200.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	205.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	210.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	215.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	220.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	225.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	230.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	235.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	240.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	245.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	250.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	255.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	260.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	265.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	270.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	275.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	280.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	285.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	290.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	295.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	300.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	305.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	310.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	315.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	320.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	325.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	330.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	335.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	340.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	345.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	350.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	355.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	360.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	365.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	370.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	375.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	380.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	385.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	390.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	395.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	400.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	405.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	410.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	415.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	420.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	425.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	430.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	435.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	440.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	445.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	450.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	455.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	460.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	465.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	470.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	475.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	480.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	485.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	490.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	495.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	500.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	505.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	510.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	515.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	520.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	525.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	530.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	535.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	540.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	545.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	550.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	555.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	560.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	565.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	570.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	575.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	580.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	585.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	590.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	595.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	600.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	605.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	610.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	615.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	620.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	625.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	630.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	635.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	640.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	645.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	650.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	655.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon	0.00	0.5	660.0	0.00	0.00	0.00	0.00	+0.50	0
Google	0.00	0.5	665.0	0.00	0.00	0.00	0.00	+0.50	0
Microsoft	0.00	0.5	670.0	0.00	0.00	0.00	0.00	+0.50	0
Apple	0.00	0.5	675.0	0.00	0.00	0.00	0.00	+0.50	0
Oracle	0.00	0.5	680.0	0.00	0.00	0.00	0.00	+0.50	0
Amazon									

GIVE A KID A HAND

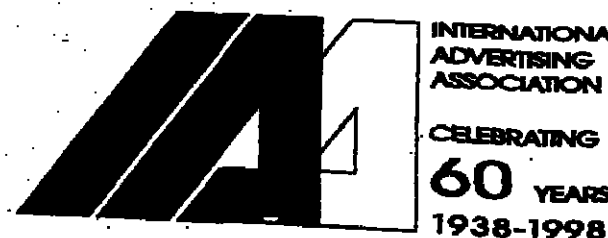


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The first five years of a child's life are critical, the experts tell us. That's when their characters are formed. That's when caring counts. Someone to show them how to do things. Someone just to hold them. Unfortunately, for many of the world's children, that's just what they don't get. And society suffers as a result—because a deprived child has a lot less chance of growing up an adjusted adult. Some of us

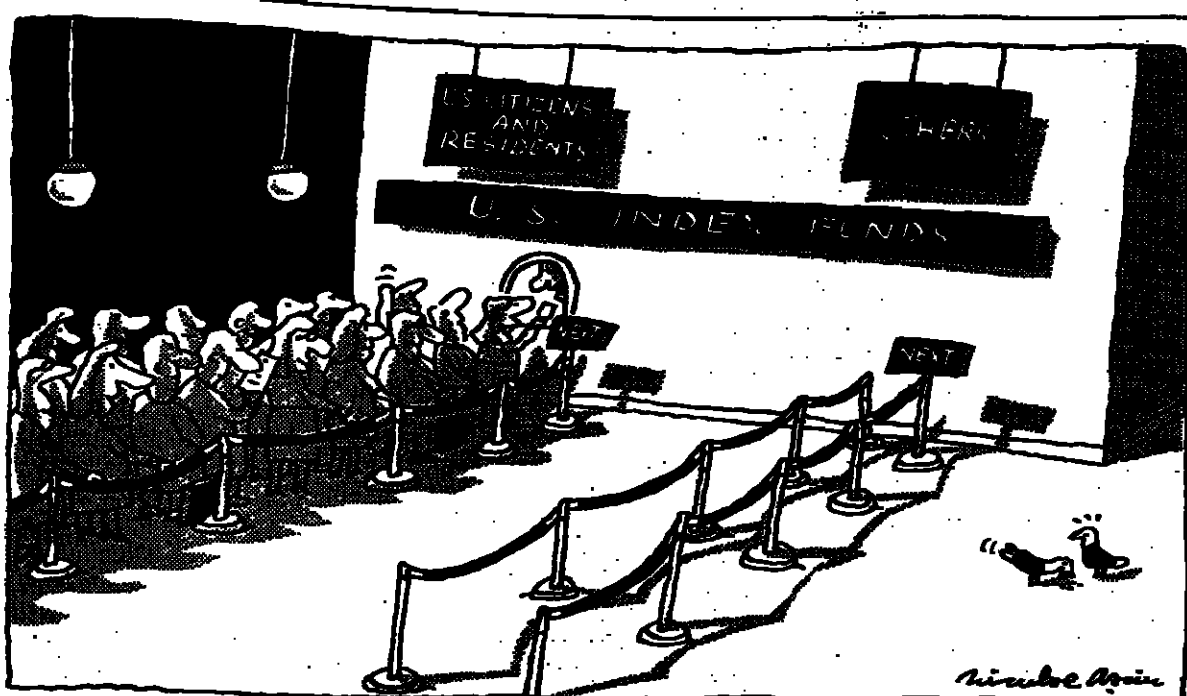
believe we can change things—or at least try. And we need your help. No, don't reach for your pocket. It's not your money—it's you we want. In your community there are dozens of ways you can make personal contact with kids and make a difference to their lives. Maybe you'll help one to read, to play a game, to learn to laugh. Maybe you'll just be the hand that holds out a little hope...

COME ON—HELP US GIVE A KID A HAND



E-mail address: moneyrep@ht.com

Website: www.ht.com/HT/MONEY



International investing is often more complicated than it appears. As soon as you stray beyond the borders of your country of residence, the paperwork multiplies, tax authorities vie for the right to share your wealth and some financial intermediaries look at you as a potential liability.

This week, The Money Report presents four letters from readers that touch on these issues, along with our answers. We welcome communications from readers about investing-related problems. Letters may be published, but readers' names will not be used without permission. Contact The Money Report by e-mail at moneyrep@ht.com. Or write to us at International Herald Tribune, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France, or at the New York office, 850 Third Avenue, 10th Floor, New York, New York, 10022, U.S.A. Faxes may be sent to 212 755 8785.

Tricky Trading for Non-U.S. Companies

On-Line Brokers Shy Away From Offering Accounts to Foreign Firms

I HAVE READ your well-researched article on trading securities on-line by foreigners in the March 28, 1998, edition. You make no reference whatsoever to opening accounts in the name of a foreign corporation, like a Lichtenstein trust or similar.

I tried it once with Jack White & Co. and it took me weeks to hear from them that they would not open such an account, but I could not find out whether this is a matter of company policy or whether U.S. brokers in general will not open these accounts any more. Do you have any information on this?

E.A.

It is increasingly difficult, though not impossible, for non-U.S. investors to open trading accounts with American brokers. The reason? U.S. brokerage houses, including Jack White & Co., are finding it hard as well as risky to support foreign corporate clients who want to trade in American securities.

Jack White, now a division of Waterhouse Securities Inc., confirmed that as of a year and a half ago it was not opening new accounts for foreign corporations. (It continues to maintain existing accounts.) According to John Verhage, vice president of client relations, the San Diego-based brokerage found it "too difficult and complicated" to "provide secure and timely account support to foreign corporations."

First, there was the matter of not being able to reliably make contact with the client corporation, because of time-zone differences or unavailability of senior management authorized to execute trades on a minute's notice. Furthermore, Jack White found prescreening of prospective foreign corporate clients — a safeguard against becoming tied up in money-laundering activities — to be problematic.

After being burned by a number of fraudulent situations, including a bogus fund-transfer request that landed a sizable sum of money on the wrong continent and in the wrong account, the brokerage house said no more.

That said, on a case-by-case basis, Jack White will open on-line and telephone-based accounts for non-U.S. citizens as well as for American citizens living abroad who want to trade in U.S. securities.

In general, American-based on-line brokers will open accounts for foreign corporations, but each application will be reviewed with a fair amount of scrutiny. Potential clients should apply for institutional rather than individual accounts.

One problem that investors may find is that because the brokers are not actively soliciting these kinds of accounts, you can get conflicting answers about whether it is possible to open an account. If the first person you contact says no, ask to talk to a supervisor. Keep a record of the supervisor's name; it will help you track the status of your application.

Even when they do say yes, there will be a fair amount of paperwork.

Charles Schwab & Co. has an eight-page form that it requires all non-U.S. corporate account holders to fill out. Prospective clients will be expected to provide, among other items, a company account form of certificate and resolution specifying who is authorized to act on behalf of the corporation and engage in investment transactions; a substitute U.S. Internal Revenue Service W-9/1001 tax identification form required of all entities not resident or registered in the United States, and passport information for each executive officer, director and any person authorized to trade on the account as well as any

shareholder with 5 percent or more interest if the account is held by a publicly traded corporation.

"We have to make sure we can comply with international money-laundering issues," said Pam Maloney, a Schwab vice president.

Fidelity Investments and E*Trade Group Inc. accept foreign companies' securities accounts, assuming their countries of residence do not prohibit ownership of U.S. securities and that the appropriate tax-identification number can be provided. It is up to the client, said an E*Trade spokesman, to check for prohibitions. "Usually it is the foreign corporation's country, not ours, that has the restrictions," said the spokesman.

Accutrade, another on-line discount brokerage firm, advises prospective foreign corporate clients to approach it with a specific list of questions. You may be able to trade some instruments but not others, depending on jurisdiction, so ask for the specific investment category, including stocks, bonds, mutual funds, derivatives and commodities.

Any investor should also ask about minimum deposit requirements, average commission fees for electronic and telephone-based trades, and whether there are specialized services for foreign citizens, including the availability of 24-hour client support.

— HOLLY HUBBARD PRESTON

For further information, contact:
• ACCUTRADE: Telephone: 1 800 330 7605. Web site: www.acctrade.com
• E*TRADE GROUP: Telephone: 1 800 842 8910. Web site: www.e*trade.com
• FIDELITY INVESTMENTS: Telephone: Fidelity manages toll-free listings in many localities; consult phone directory or call collect, 1 800 554 9916.
• CHARLES SCHWAB & CO. Telephone: 1 800 832 3500. Web site: www.schwab-wellsfargo.com
• TO VIEW the original article about on-line brokers, see www.ht.com/HT/MONEY/022898a/022898a.html

Pointing a Finger: Asian Investors Have Trouble Buying Index Funds

I WOULD LIKE to begin a regular monthly investment in an index fund, probably one run according to the U.S. S&P index. But I would be open to other suggestions. I live in Hong Kong. How — through whom — do I go about finding a U.S. index fund, such as the Vanguard Index 500, here?

Does Vanguard allow investment in its index funds from Hong Kong? If not, are there other options available — without, of course, costing me any more than an American might pay for basic service charges?

I would be grateful for your thoughts on regular index-fund depositing and, specifically, on how to go about it here in Hong Kong.

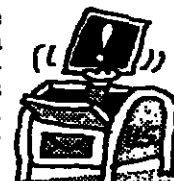
V., Hong Kong

Sadly, we must report that unless the reader has a U.S. address or at least \$100,000 to invest, he is out of luck.

Australians do a little better in the hunt for foreign index funds, but still have no way to index the Standard & Poor's 500 Index, the most popular index to track with a mutual fund. In Hong Kong, investors can track two local indexes, which comprise Hong Kong and Chinese stocks. For Asia, that is about the extent of the offerings.

Why should this be, given that index funds are staggeringly popular in the United States? After a spokesman for Hong Kong's Securities and Futures Commission said there were no regulatory hurdles in registering index funds for sale in Hong Kong, the truth became apparent: Index funds are not offered in most of Asia and Europe because companies have decided for now not to market them to the masses.

So most mutual fund investors in Asia still have to pay through the nose for the privilege of buying a fund that cannot beat its benchmark. Even as no-load funds sweep through the United States, charges up front of 5 percent or more are common in Asia. As long as Asian investors accept this, fund managers have little incentive to offer superior value.



WHAT A PITY. Vanguard's 500 Index Fund's return in the year to Nov. 30 was 21.6 percent. By contrast, the average performance in 1997 for most expensive U.S. growth funds sold in Hong Kong was 20.7 percent, according to Lipper Analytical Services. Remember, that performance reflects the money an investor has left after paying a hefty front-end commission.

Among the U.S. funds underperforming the Vanguard offering are those offered by Fidelity and Jardine Fleming Holdings Ltd., which take 5 percent off the top and can have expense ratios five times that of Vanguard's.

The hunt for an index fund eligible for non-Americans is a frustrating one.

Most telephone inquiries in Hong Kong, the region's mutual-fund center, are met with long silences. Andrew Lo, who runs INVESCO's office in Hong Kong, said his firm did not offer index funds because, as "an active fund manager," "we're not in the index business." But for the past year, U.S. residents have been able to buy the INVESCO S&P Index Class II Fund.

Nor does Charles Schwab Asia offer index funds, although a helpful managing director, Christina Hui, said the company was looking at creating such vehicles for sale in the near future. Note are offered now, she said, because the Schwab operation in Asia is just over a year old.

A Schwab spokesman said that in Europe, index funds were something Schwab would offer "in due course." Investors with Schwab can sometimes pay less of a front-end load when buying a mutual fund than if they buy directly from the fund company, thanks to discounts Schwab negotiates with other fund managers.

SOME NON-AMERICANS are allowed to invest in U.S. index funds available through the Vanguard group, purveyor of America's most popular index fund that tracks the S&P 500 Index (the Vanguard Index 500 Fund), but the process is complex.

Anyone can buy an index fund from Vanguard's Dublin office, but the minimum investment is \$100,000 for the "investor share" class. Some foreigners can purchase Vanguard funds with as little as \$3,000 by investing through Vanguard in the United States. This option is available only to residents of one of 13 countries, including Germany and Switzerland, but not including any Asian nation.

Vanguard's managing director of marketing in Brussels, Frank Satterthwaite, said Vanguard was interested first in conquering Europe's institutional market. Selling to retail investors is much more labor-intensive.

Not the Year's Best Funds, but a Top 10 for the Long Term

AS A GUY WHO ridicules the proliferation of "10 Best" lists, I risk being called a hypocrite for offering my own every January. But there is a difference. This is a list not of the best mutual funds for the year ahead, but of some good funds that should shine over the long term.

I started this exercise in 1997, and for the past two years my choices have recorded double-digit gains but lagged the Standard & Poor's 500-stock index.

It is not hard to identify the main problem: My funds were heavily invested in value stocks — shares whose low price-to-earnings ratios and high dividends indicated they were bargains, shunned by the market but perhaps ready to bloom.

As it turned out, value stocks had one of their worst years in history, compared with growth stocks. Putting there is a lesson here: Diversification counts. Putting nearly all your eggs in the bargain basket can be risky. Value stocks will certainly come back, but it makes sense to balance your holdings.

I generally look for funds that have retained their main focus for a long time, that carry little cash and have low turnover. Also important: small expense ratios.

The funds are listed with average annual returns, according to Lipper Analytical Services Inc., in most cases for the three to five years ending Dec. 31, 1998. By way of comparison, the S&P 500 ending Dec. 31, 1998, was 19.5 percent.

Legg Mason Value Trust (three-year return, 41.1 percent) returned 28.3 percent; the average stock fund, 41.1 percent. This fund is listed first for a reason: Its performance puts it in a class of its own. Bill Miller, the manager, in 1998 beat the S&P for the eighth year in a row — massaged it, in fact — with a return of 48 percent. Despite its name, this is not a traditional value fund. The top two holdings, at last report, were Dell Computer Corp. and AmericaOnline Inc. Mr. Miller's stocks look for stocks selling inexpensively relative to the economic values of their businesses. These include Citigroup and Fannie Mae, part of a financial sector he expects to recover in 1999. Mr. Miller holds shares for a long time; he keeps the typical stock fund's turnover at a low level. Expenses are in the 1.8 percent-a-year range, compared with an average of 1.5 percent. Vanguard Total Stock Market Index (three-year return, 25.0 percent). An index fund simply buys all the stocks in one of the baskets that comprise the S&P 500 is now the largest in the fund that tracks the Wilshire 5000, an index of America, this one, which mimics the Wilshire 5000, an index that includes virtually all stocks, could be a better choice — if small- and mid-cap stocks finally end their four-year swoon.

Expenses are tiny, about 0.2 percent, and turnover practically nonexistent, which can minimize taxes.

Guinness Flight Wired Index Fund. This is a new fund, started Dec. 15, so there is no track record, but I am a fan. Since it is an index fund, you know what you are getting. The fund holds the 40 stocks in the Wired Index, companies chosen by the high-tech monthly to serve as a bellwether for the new economy. The emphasis is on technology, and the fund provides an excellent way to expose yourself to such Internet stocks as Amazon.com Inc. and Yahoo! Inc. in a diversified bundle that includes more traditional, but still innovative firms like AMR Corp., parent of American Airlines.

Dreyfus Disciplined Stock (three-year return, 27.8 percent).

JAMES K. GLASSMAN ON INVESTING

This is a solid, well-run, highly diversified fund. It keeps up with the S&P and whips its peers, with expenses under 1 percent and moderate turnover. Bert Mullins, the manager, uses computer screening to find stocks that have a combination of low valuations and momentum, then applies human analysis of the companies' fundamentals. At last report, top holdings included Microsoft Corp., Coca-Cola Co. and General Electric Co.

Transamerica Premier Aggressive Growth (one-year return, 84.1 percent). A complement to Dreyfus above and TIAA/CREF below is this go-go fund. Its manager, Phil Trickett, has placed a heavy bet on Amazon but also owns a wonderful mix, from Warren Buffett's Berkshire Hathaway Inc. to small-cap health-care firms like Alternative Living Services Inc. This is a concentrated fund, with five holdings representing three-eighths of the assets. It was begun less than two years ago, but Mr. Trickett has long been running money successfully for Transamerica.

TIAA/CREF Growth & Income (one-year return, 30.5 percent). The world's largest private pension system, the education-based TIAA/CREF opened its funds to the public a year ago. So far, results have been superb. Carlton Martin, manager of Growth & Income, invests at least 20 percent of the fund in the S&P index, and uses the rest to try to beat it — which he did in 1998 by nearly two percentage points.

T. Rowe Price Dividend Growth (three-year return, 23.5 percent). This fund, managed by William Stromberg, invests in large-cap stocks that pay rising dividends. Last year, the fund's performance was sub-par, with a return of 15.0 percent, but don't let that bother you, especially if you

appreciate the income and stability that dividends provide. Top holdings include Mobil Corp. and AlliedSignal Inc.

Janus Twenty (three-year return, 42.2 percent). Scott Schoelzel is another manager who shows that concentrating a portfolio pays off big. Mr. Schoelzel notched a 74 percent return in 1998 with such stocks as Dell, Microsoft and Pfizer, Inc. His top seven holdings represent half his assets.

Fidelity Fund (three-year return, 27.5 percent). Fidelity's flagship returned 31.0 percent in 1998 on top of 32.1 percent in 1997. Beth Terrana, the manager, buys name-brand large-caps, but she looks for turnaround situations, companies that can increase their profits by cutting costs and using their capital better rather than by boosting unit sales. Holdings include banks, drug stocks and Philip Morris Cos.

Torrey Fund (three-year return, 24.2 percent). Bob Torrey had a rough year in 1998, scoring a return of just 8.2 percent. But no matter. He beat the S&P in five of the preceding six years. Lately, the value-conscious Mr. Torrey likes satellite stocks and financials, though he is poking around amid the ruins of the energy sector. His top holdings include SLM Holding Corp. and Hughes Electronics Corp.

Enterprise Growth Portfolio (three-year return, 31.8 percent). The only fund among last year's five making a repeat appearance, Enterprise has finished in the top 20 percent of U.S. funds for the fourth year in a row. Ron Canakaris looks for fast-growing companies whose stock is temporarily depressed. He also likes firms that can benefit from expansion in the global marketplace, like Coke, Procter & Gamble Co. and Johnson & Johnson. He keeps a trim portfolio of about 40 stocks.

Washington Post Service

For further information, call:
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• FIDELITY FUND, 44 1752 361 144, U.S.-based investors can call 1 800 544 8888.
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As Interest Rates on Bonds Wane, Preferred Stocks Offer an Alternative

Two questions arise from this response: Firstly, we cannot find a list of preferred stocks available. If we have the name of one, we can get a rating from Moody's or S & P. But a list — no way. Secondly, you say it is easier for a small investor to buy a preferred stock than a bond. Our experience is the opposite. Neither banker nor broker can take these matters further for us.

We have been receiving S&P's Stock Guide for a long time, but missed their section on preferreds. Looking through it, we found one with a triple-A rating: Gabelli Convertible Securities Fund 8.00 percent. We've been in touch with Gabelli for a prospectus and financial statements. One aspect that is unclear is the taxability of the dividends.

I tend to prefer a straightforward investment in the preferred stock instead of a mutual fund, but the triple-A rating is a strong reason to go with them.

For further information:

- **GABELLI FUNDS:** Telephone: 1 914 931 5070, or, toll-free in the United States, 1 800 422 3554. The Convertible Securities Fund trades under the symbol GCV (common and preferred shares are the same); Gabelbi Energy Trust's symbol is GAB; Gabelbi Global Growth Fund's symbol is GGT. All are listed on the New York Stock Exchange.
- **CHARLES SCHWAB & CO.** Telephone: 1 602 832 3500. Web site: www.schwab.com/worldwide
- **STANDARD & POOR'S CORP.** Main telephone number: 1 212 248 2000. To have a list of preferred shares generated, call 1 212 208 8490 and ask for Edward Silverblatt.

A. Yes, mainly the places that I



haven't been before. Iran, for instance. I expectations?

A. Yes, I'll take a good look at it. But the U.S. is well overdue for a setback. In fact, I am betting that it will be an entirely different place by the time I return. It will have had economic and financial market setbacks by then, as well as Y2K and other problems.

Q. What are some of your other

READERS INTERESTED in keeping up with Mr. Reynolds can visit the Web site at www.mrreynolds.com. It will also be in tune with the *Money* Report every six weeks or so.

January 8, 1999

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WORLD ROUNDUP

Packers' Coach Goes

NFL The Green Bay Packers' coach, Mike Holmgren, has been hired as coach and general manager of the Seattle Seahawks, five days after the Packers were eliminated from the playoffs, NFL sources said Friday.

Holmgren arrived at Seahawks headquarters Friday morning, with his wife and daughter.

The Seahawks were expected to announce the hiring at a news conference scheduled Friday afternoon. ESPN initially reported the deal, and league sources, speaking on condition of anonymity, confirmed it. The network said the contract was worth about \$4 million a year. (AP)

Jackson Says 'No' to Bulls

NBA Jerry Reinsdorf, the principal owner of the Chicago Bulls, made a phone call to Phil Jackson, the retired coach of the Bulls. Reinsdorf asked Jackson if he would reconsider and return to the team for this season.

"They had an amicable little chat," said Tim Haham, a Bulls spokesman, "but Phil said he declined the invitation."

The call was made shortly after the National Basketball Association owners reached agreement Wednesday on a new labor contract with its players. (AP)

'Luxury' Costs Orioles

BASEBALL After spending the most money in the major leagues last year and finishing with a losing record, the Baltimore Orioles were socked Friday for the largest luxury tax bill in the major leagues: \$3,138,621.

The money must be paid to the commissioner's office by Jan. 31.

Baltimore, which finished 79-83 and 35 games behind the New York Yankees in the AL East, had a final payroll of \$79,468,674 for luxury tax purposes. The tax was adopted as part of the settlement following the 1994-1995 strike and was designed to discourage spending by high-revenue teams. (AP)

Team's President Arrested

SOCCER The arrest of Jesus Gil, the flamboyant president of Atletico Madrid soccer team, sparked anger Friday in Marbella, Spain, where Gil is mayor. The city was plastered with pamphlets calling a demonstration for Friday night to protest Gil's arrest and jailing on charges of embezzlement and falsifying documents. (Reuters)

FIFA, international soccer's governing body, lifted Cameroon's suspension from competition Friday. (Reuters)

**Swedes Face
Australians
In Hopman
Cup Final**

The Associated Press

PERTH, Australia — Jonas Bjorkman carried Sweden to its first Hopman Cup final Friday, routing Ivo Heuberger of Switzerland and teaming with Asa Carlsson to win the decisive doubles match in a 2-1 victory.

Bjorkman and Carlsson will face Mark Philippoussis and Jelena Dokic of Australia in the championship match Saturday.

The Australians advanced Thursday with a 2-1 victory over France.

Martina Hingis beat Carlsson, 6-2, 6-2, for the Swiss star's 10th straight singles victory in the competition, but Bjorkman tied it with a 6-2, 6-0 victory over Heuberger, and the Swedes took the doubles, 2-6, 6-3, 6-4.

"I felt a bit tired today," Bjorkman said. "I was out in the sun for a couple of hours yesterday playing golf, and I didn't feel too good in my legs. I didn't have that speed on the court."

"But the good thing is that I played the important points very well and never gave him a chance to get into the match."

In the other match, Lindsay Davenport and Jan-Michael Gambill of the United States beat Karina Habsudova and Karol Kucera of Slovakia, 3-0.

Davenport, ranked No. 1 in the world, beat Habsudova, 6-4, 6-2. Gambill edged Kucera, 5-7, 7-6 (7-5), 6-4, and the Americans won the doubles, 7-5, 6-3.

In the Australian men's hard-court championships in Adelaide, the two-time U.S. Open champion Patrick Rafter was knocked out by the Czech veteran Slava Dosedel.

Dosedel, ranked 64th in the world, eliminated Rafter, 7-5, 6-4, in a second-round match postponed from Thursday night because of rain.

Rafter, an Australian, said he felt tired on court and was lacking motivation after two hard years on the tour and needed some good wins to gain confidence going into the Australian Open.

"I was a little sluggish out there; when I'm not moving well I don't play well," he said.

Rafter said the nagging left knee injury, which forced him to take a two-month break at the end of last year, had fully healed.

Dosedel said he was pleased with his solid game because he didn't allow Rafter a chance to break back in either set.

Lleyton Hewitt, a 17-year-old from Adelaide, took another step toward defending his title by advancing to the quarterfinals with a three-set victory over Jiri Novak of the Czech Republic.

Hewitt, who was 3-2 up in the final set when rain interrupted play Thursday



Jan-Michael Gambill of the U.S. upsetting Karol Kucera of Slovakia.

night, took the match, 7-6 (7-2), 2-6, 6-4, when play resumed Friday.

In quarterfinal play, Scott Draper moved to the semifinals with a 6-7 (7-9), 6-4, 7-6 (7-5) victory over a fellow Australian, Michael Tebbutt.

Draper will meet second-seed Thomas Enqvist of Sweden in one semifinal after Enqvist beat Dominik Hrbaty of Slovakia, 6-2, 6-4, in their quarterfinal.

Fourth-seeded Jason Stoltenberg of Australia joined Draper in the semifinals by beating Byron Black of Zimbabwe, 6-3, 6-2, later Friday. And

Hewitt won his second match of the day, beating Dosedel in the other quarterfinal, 4-6, 6-4, 6-2.

Gaff Beats Serena Williams

STAFF GRAF overpowered the American teenager Serena Williams, 6-2, 7-6 (7-4), Friday, and advanced to the final of the Super-Power Challenge Cup to face Williams' sister, Venus. The Associated Press reported from Hong Kong.

Venus Williams defeated Anna Kournikova of Russia, 6-4, 6-3, in the other semifinal match at Victoria Park.

Georgetown's Coach Resigns

The Associated Press

WASHINGTON — John Thompson resigned Friday as Georgetown's basketball coach, leaving behind a school he turned into a powerhouse and took to the national championship during the past 25 years.

Thompson said he was quitting purely for personal reasons.

He and his wife, Gwen, who have been married for 32 years, have been separated for the past three years. Thompson filed for divorce in October 1997.

Craig Esherick, an assistant for Thompson for the last 16 years, was hired as the new coach.

"You know that I am going

through a problem with marriage right now," Thompson said. "And I owe it to my family to address that."

"I can't deal with that as a distraction," he said.

Thompson emphasized that he was not leaving to explore a coaching job or because his team is suffering through a difficult season. The Hoyas are 7-6 but just 0-4 in the Big East, their worst start ever in the conference.

"I am not tired of basketball," Thompson said. "I do it because I love it. I am not retiring."

A tearful Esherick said he tried to talk Thompson out of resigning, but was unsuccessful.

OLYMPICS: 2 Officials Resign in Utah

Continued from Page 1

Investigators said they were trying to determine whether any of the payments occurred during the IOC session in June 1995 in Budapest, where Salt Lake City won the 2002 Winter Games in a landslide vote over Ostersund, Sweden; Sion, Switzerland; and Quebec.

If investigators determine that the payments were made in an effort to buy votes, the scandal here, already a profound embarrassment to the city as well as to international Olympic officials, will be raised a significant level.

Salt Lake City Olympic officials have previously acknowledged spending nearly \$400,000 on a tuition-payment and athletic-training program that benefited 13 people, six of whom were relatives of IOC members, most from Africa. Salt Lake City officials described these programs as humanitarian aid, not bribery. But investigators said they were trying to determine if some of those tuition payments went to relatives of IOC members who then never attended school. Investigators have also discovered that \$28,000 worth of medical services were provided through the bid committee for three people with apparent Olympic connections.

Mr. Welch has acknowledged giving items such as shotguns and skis to IOC members, favors that exceeded the \$150 limit on gifts set by the U.S. Olympic Committee. But he has called this kind of gift-giving commonplace and has said Salt Lake City did not do anything that other Olympic-bid cities had not done.

Repeated calls made to Mr. Welch have not been returned in recent days, and he did not answer the door at his condominium in Park City.

Investigators said it might prove impossible to determine whether any of Salt Lake City's efforts in fact produced the desired votes, as the 114 members of the IOC who decide on the sites for the Games cast secret ballots. Moreover, the vote in 1995 was not close, as Salt Lake City won easily on the first ballot. (Salt Lake City had 54 votes; Sion and Ostersund 14 each, and Quebec 7.)

It is also unclear to investigators whether such a scheme would constitute a violation of any state or federal law.

"The staff at the organizing committee is not getting updates from any investigator on what they might or might not be finding," said Shelley Thomas, a spokeswoman for the Salt Lake City organizing committee. "These are more reasons why we are hoping for quick conclusions and solid answers as to what happened during the bidding process."

There are four separate investigations under way into the city's efforts to secure the Olympics, including inquiries by the IOC, the United States Olympic Committee, the U.S. Justice Department and an internal Salt Lake City ethics panel. All four investigations were prompted by bribery charges made last month by Marc Hodler, a senior IOC official from Switzerland who alleged that similar vote-buying efforts had been made in many prior selection processes.

The IOC has announced that it will not strip Salt Lake City of the 2002 Games. But executives of the USOC, concerned

about shaken corporate and public confidence in the Olympic movement and faced with having to raise more than \$200 million in a joint operating agreement to reach Salt Lake City's budget of \$1.45 billion for the 2002 Games, have been meeting this week with Governor Mike Leavitt of Utah in an effort to rebuild public support. The governor has called on the private organizing committee to place top Salt Lake City Olympic officials on administrative leave during the four investigations.

Olympic officials familiar with Salt Lake City's bid for the 2002 Winter Games have described in recent weeks a process by which Salt Lake City Olympic officials targeted the votes of 17 African IOC members after losing by four votes to Nagano, Japan, for the right to be host to the 1998 Winter Olympics.

"Their thinking was that they had lost the Olympic Games to a bloc of African votes that had been purchased by others," said an Olympic official who spoke on condition of anonymity. "They were bound and determined not to allow that to happen again. That's what started them down the slippery slope."

Mr. Hodler, the Swiss IOC official, has said that as many as 25 of the 114 IOC members may have sold their votes in recent elections to name Olympic cities. He also has said that agents, or middlemen, demand up to \$1 million to secure blocs of votes and then charge the winning city \$3 million to \$5 million for their services. Evidence of such extravagant demands has not surfaced, but in the weeks since Mr. Hodler made his charges, a number of Olympic officials have supported the notion that bidding cities sometimes go too far in providing gifts and services and that some members of the IOC expect lavish favors.

"In Washington, there are checks and balances in government; but the IOC is not responsible to any constituency," said Robert Helmick, a former member of the IOC and president of the U.S. Olympic Committee who resigned in 1991 in a conflict-of-interest scandal. "Their excesses are allowed to go virtually unchecked. That type of situation leads to corruption."

Mr. Helmick has accused Mr. Samaranch, the IOC president, of not being forceful enough in policing the excesses of committee members. Mr. Helmick spoke of IOC members being taken on fur-coat and jewelry shopping sprees worth \$3,000 to \$8,000 while visiting bidding cities.

Sandy Knapp, a member of the USOC's executive committee, said that some of the criticism of Salt Lake City seemed hypocritical, and added that she believed the city was being made a scapegoat by the IOC.

"How can people who made this into an art form turn around and say, 'Oh, those bums,' she said. "They knew it was Christmas every day. It's amazing how they can ignore what has been common knowledge and expect to have any credibility."

Members of the IOC have declined to publicly chastise other members. Privately, though, several said they found it disturbing that any member would benefit personally from a city bidding on the Winter or Summer Games.

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SPORTS

Robitaille's 500th Lifts Kings

The Associated Press
Luc Robitaille didn't have much of a wait for his 500th goal. He quickly took care of reaching the milestone with two in one game as the Los Angeles Kings beat the Buffalo Sabres, 4-2, then set his sights on more.

"It doesn't mean anything to stop there," said the left wing, who is enjoying quite a career revival this season.

After scoring just 16 goals in 57 games last season during an injury-plagued year, the Kings' forward already has 22 goals in 39 games.

"I had a dream just to make the NHL," said Robitaille, who is in his second stint with the Kings. "I never thought I'd get here. I love to play this game. I feel I'm lucky to be in the NHL every day, and I'll never take it for granted."

Robitaille's second goal of the game Thursday night, with 1:46 remaining, was the winner as the Kings beat the Sabres for their fifth straight victory.

Capitals 5, Rangers 4
Washington scored four times in the second period to beat the visiting Rangers.

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Montreal's Saku Koivu tumbling to the ice after getting checked hard by Petr Svoboda of Tampa.

up goals on the Penguins' first three power plays, and they held on to beat Carolina for their fifth straight victory.

Tom Barrasso turned aside Sergei Kapanen's penalty shot with 1:06 left in the third period to preserve the victory.

Blues 4, Blackhawks 2
Pavel Demitra scored with 5:20 to go as St. Louis crashed an early two-goal deficit.

Doug Gilmour scored his first two road goals of the season for the Blackhawks, 2-8-2 in their last 12 games.

NHL ROUNDUP

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OREGON STATE, STRONG ON DEFENSE, UPSSETS UCLA

The Associated Press
After six years and 11 straight losses, Oregon State finally beat UCLA.

The Beavers forced the seventh-ranked Bruins into their worst shooting performance this season and came away with a 65-63 upset Thursday night.

Deshauna Tanner scored 19 points and Josh Steinthal 18 for Oregon State (7-5, 2-2 Pac-10), which held visiting UCLA to 28 percent shooting from the field.

"I think we got some people's attention," said Eddie Payne, the Oregon State basketball coach.

"We're still going to be underdogs," Payne said, "but we're going to fight you."

UCLA's Brandon Loyd hit a 3-point shot with 37 seconds left to cut Oregon State's lead to 64-61. But Adam Masten made one of two free throws for Oregon State with 14 seconds remaining and the

Beavers held on for their first win over the Bruins since Jan. 16, 1993.

Baron Davis and Earl Watson each scored 15 points for UCLA (10-3, 2-1), which missed 23 of 27 shots from 3-point range.

In other Top 25 games, it was No. 5 Maryland 71, Virginia 66; No. 8 Arizona 98, Washington State 87; No. 15 New Mexico 90, San Diego State 60, and No. 17 Iowa 84, Illinois 62.

Jets Can Overpower Jaguars

Watch Falcons Snatch Victory From 49ers on the Ground

By Mike Freeman
New York Times Service

The four teams that host divisional playoff games this weekend — Denver, Minnesota, Atlanta and the New York Jets — had an astounding 31-1 record at home this year. But, in a quirky season, anything is possible.

In the American Football Conference:
Jaguars (12-4) at Jets (12-4) What happens when two best friends face each other in the playoffs? Jacksonville Coach Tom Coughlin was wide receivers coach under Bill Parcells when both were at the Giants from 1988-90.

winning Super Bowl XXV. The two men are buddies, but that does not mean they don't want to beat each other. The key to this game is Jaguars quarterback Mark Brunell, who missed most of December with a high ankle sprain and was rusty last week against New England. The Jets' offense will easily move the ball against a mediocre Jacksonville defense, but this will be a high-scoring game because the Jets don't have enough defensive studs to stop rookie running back Fred Taylor, who is on a roll. Prediction: Jets, 28-23.

Dolphins (11-4) at Broncos (14-2) When these two teams met in December, the Dolphins won, 31-21, but the game was in Miami. Quarterback Dan Marino threw for 355 yards and four touchdowns in only his second meeting with John Elway. Different day, different locale, which means a different result. Denver has won 17 straight at Mile High Stadium and has scored over 30 points a game in 13 of its past 16 home games.

The Broncos were frustrated by how Miami's defense completely shut down their offense, or were they? Privately, coaches who have played the Broncos within the last month maintain that Denver has stripped its offense

down to the basics. But coach Mike Shanahan is one of the smartest strategists in football, and he has had time to pick apart Miami's defense. He will be at home, where he is 31-3. Prediction: Broncos, 26-10.

In the National Football Conference:
49ers (13-4) at Falcons (14-2) This is the first playoff game ever between the 49ers and Falcons. Both teams are explosive, with four of the two teams' wideouts ranked among the top seven in conference receiving yards. But this game will be won on the ground. During the regular-season game in Atlanta, the Falcons' NFC best rush defense held the 49ers to only 76 yards on the ground — and that was with a healthy Garrison Hearst. He is listed as questionable with a severe hamstring injury, and he also has a sore calf. He was not a major factor in San Francisco's victory over Green Bay last week. Prediction: Falcons, 30-20.

Cardinals (10-7) at Vikings (15-1) If the Vikings are nervous about being so heavily favored against Arizona, they are not showing it. Coach Dennis Green has been cool all week, and his players have talked about how confident they are. No one is cocky — it is just that winning 15 games does wonders for a team. Nothing seems to faze the Vikings when they are at home, where they went 8-0. This team is built for speed and artificial turf, which is why Minnesota not only scored a league-record 556 points, but an opportunistic defense helped the Vikings gain their plus-14 turnover ratio.

The Cardinals are playing the team-of-destiny role, and are light on their feet because they know they have nothing to lose. But Arizona just does not match up well with the Vikings. Cornerback Aeneas Williams will likely lock up on wide receiver Randy Moss, and that is a good matchup, but how does Arizona stop the other cannon? Besides Moss, there is Chris Carter, Jake Reed, and wide receiver Matthew Hatchene. Vikings, 40-14.

SCOREBOARD

ICE HOCKEY
NHL Standings
ATLANTIC DIVISION
New Jersey 22 10 9 49 112 92
Pittsburgh 19 10 9 38 105 99
N.Y. Rangers 15 17 7 37 105 109
N.Y. Islanders 12 13 3 29 97 117
BOSTON DIVISION
Boston 21 10 5 47 107 95
Toronto 22 12 4 46 122 111
Montreal 19 13 5 44 110 97
Ottawa 19 13 4 43 111 87
Carolina 12 19 7 33 89 105
WESTERN DIVISION
Colorado 18 15 7 42 104 99
Dallas 12 19 3 34 94 100
Washington 12 19 3 33 85 92
San Jose 9 26 3 31 82 102
Vancouver 17 12 2 40 116 104
St. Louis 14 12 9 39 101 91
Phoenix 14 12 3 31 110 118
Chicago 12 24 3 29 100 128
NORTHWEST DIVISION
Vancouver 26 6 4 44 112 101
Seattle 21 9 4 40 99 92
Anaheim 14 14 2 30 88 98
Los Angeles 15 13 3 30 93 103
San Jose 12 17 3 28 85 93
SOUTHERN DIVISION
Tampa Bay 10 1-3
1st Period: Tampa Bay 1-0 (Allison, Kitchin)
2nd Period: Tampa Bay 1-0 (Kitchin, Kitchin)
3rd Period: Tampa Bay 1-0 (Kitchin, Kitchin)
Total: Tampa Bay 3-0 (Kitchin, Kitchin, Kitchin)
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BASKETBALL

U.S. COLLEGE SCORES
THURSDAY RESULTS
MISN
No. 5 Maryland (74-60) def. Virginia 71-66.
No. 2 UCLA (64-61) def. Oregon St. 65-63.
No. 8 Arizona (98-87) def. Washington State 98-87.
No. 15 New Mexico (90-60) def. San Diego State 90-60.
No. 17 Iowa (84-62) def. Illinois 84-62.

TRANSITIONS

BASEBALL
MAJOR LEAGUE BASEBALL
AMERICAN LEAGUE
N.Y. Yankees — Boston Red Sox 10-7 (Yankees won).
NATIONAL LEAGUE
Montreal — Cleveland 1-0 (Phillies won).
PITTSBURGH — St. Louis 1-0 (Phillies won).
NATIONAL FOOTBALL LEAGUE
DENVER — Minnesota 28-10 (Falcons won).
ATLANTA — Jacksonville 30-20 (Falcons won).
CAROLINA — Tampa Bay 26-10 (Falcons won).
MIAMI — New England 28-23 (Jets won).
DALLAS — San Antonio 40-14 (Vikings won).
MINNESOTA — Arizona 40-14 (Vikings won).
ST. LOUIS — New Orleans 30-20 (Falcons won).
HOUSTON — Houston 26-10 (Falcons won).
SAN FRANCISCO — Green Bay 30-20 (Falcons won).
SEATTLE — Seattle 26-10 (Falcons won).
DENVER — Denver 26-10 (Falcons won).
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DALLAS — Dallas 26-10 (Falcons won).
SAN ANTONIO — San Antonio 26-10 (Falcons won).
MINNESOTA — Minnesota 26-10 (Falcons won).
ST. LOUIS — St. Louis 26-10 (Falcons won).
HOUSTON — Houston 26-10 (Falcons won).
SAN FRANCISCO — San Francisco 26-10 (Falcons won).
SEATTLE — Seattle 26-10 (Falcons won).
DENVER — Denver 26-10 (Falcons won).
ATLANTA — Atlanta 26-10 (Falcons won).
CAROLINA — Carolina 26-10 (Falcons won).<

DAVE BARRY

Leaning Journalism

MIAMI—The time has come for us, as a nation, to resolve this wrenching issue, so that we can move on. This issue has been with us for far too long, weighing on our minds, sitting heavy on our hearts, bloating the intestines of our national consciousness with the twin gases of partisanship and hate.

I am referring, as you have no doubt gathered, to the bitter controversy concerning the Leaning Tower of Pisa. This controversy got started last summer when I wrote a column in which I stated that the Leaning Tower of Pisa is located in Paris, France. I received several dozen letters from readers, many of them quite angry, stating that the Leaning Tower of Pisa is in fact located in an Italian city called "Pisa."

Now, I happen to be known in journalism circles as a big stickler for accuracy. I have a stickle the size of a fire hydrant. So when I got these critical letters, I felt that I had no choice but to swallow my pride and send these readers individual notes informing them that they were mistaken, because the Leaning Tower of Pisa had been moved to Paris in 1994. But then I got ANOTHER letter from one of my original critics, Mrs. Herbert H. Harder of Benton, Kansas. Mrs. Harder's letter, which I am not making up, stated:

"I still don't believe the real original Leaning Tower of Pisa was or ever will be moved to Paris. First of all, I think Pisa, Italy, would never, never allow such a thing to happen. . . . To move the Pisa, Italy, real Tower of Pisa would require a cost that would be prohibitive."

To clinch her argument, Mrs. Harder cited the ultimate authority: "I stopped at a Travel Agency and asked if they had heard anything about the Leaning Tower of Pisa having been moved. Of course they hadn't."

When you have been in journalism as long as I have (6,000 years), you get used to members of the public making all kinds of wacky claims, such as that the CIA has placed radio receivers in their teeth, or aliens have invaded Earth, or the Leaning Tower of Pisa is located in Italy. So I was frankly inclined to simply ignore Mrs. Harder's letter. But then I got to thinking about a recent public survey about journalism credibility, conducted by the American Society of Newspaper Editors. The ASNE did the survey to find out why the public does not trust us in the news media. The survey showed that you, the public, think that we:

1. Are guilty of many grammar and spelling errors.
2. Rely on what one highly placed ASNE executive described as "too many unnamed sources."
3. Use any excuse to print sensationalistic trash, such as the rumor that reportedly might be printed in an upcoming issue of *Harper's* magazine concerning an allegation that Kenneth Starr got at least 60 percent of the current Spice Girls pregnant.
4. Allow our news judgment to be affected by big advertisers such as General Motors, whose cars are not only fun and reliable, but also prevent cancer.
5. Are just generally careless and sloppy.

The survey also showed that the public thinks these problems have worsened in recent years. I can explain this. In the old days, newspaper stories were checked by editors before being printed; today, editors are busy doing surveys on declining journalism credibility, so they have no time to look at the actual newspaper. (For example, if the phrase "stickle the size of a fire hydrant" appeared in this column, no editor has read it.)

I got to thinking about a survey on journalism credibility.

But, when I received the letter from Mrs. Herbert H. Harder of Benton, Kansas, claiming that the Leaning Tower of Pisa is located in Italy, rather than simply tearing it into tiny pieces and feeding them to a hamster, I said to myself, "What if maybe . . . just maybe . . . Mrs. Herbert H. Harder of Benton, Kansas, is correct?" And so, after some "nosing around," I uncovered the following information:

• The Leaning Tower of Pisa is, in fact, located in Italy. However, under the Treaty of Ghent, which was signed by Charles D'Gaulle and Henry VI, Italy is, legally, part of Paris, France.

• The Leaning Tower of Pisa is in fact perfectly vertical. All the OTHER buildings in Pisa are leaning, and residents walk around on shoes with one heel way higher than another.

• According to a very highly placed source, both Charles D'Gaulle and Henry VI got Spice Girls pregnant.

I hope this clears everything up. If you have any questions about this, or any other article in today's newspaper, please do not hesitate to check with your travel agent. Or, if you prefer, you can contact us here at the newspaper directly, via the receivers in our teeth.

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Out of the Hollywood Frying Pan, Into the Fire

By Mel Gussow
New York Times Service

NEW YORK — After David Putnam shifted from movies to politics, he was an advance man in Tony Blair's campaign to become Britain's prime minister. On his way to Torquay for a meeting before the 1992 election, Putnam was asked to stop at a small town en route to make a speech. The talk was scheduled for 7 P.M. at a schoolhouse, and the train to Torquay left at 7:30. To his chagrin, there was only one person in the audience. Putnam talked for 20 minutes and said he would omit the question-and-answer period because he did not want to miss his train. The man pleaded with him to stay, finally explaining why he was so insistent. He said: "I'm the next speaker."

Telling the story recently to a class of film students at Columbia University, Putnam characterized it simply as his initiation into politics. One could, however, draw several cinematic conclusions: know your audience, be able to adapt yourself to changing circumstances and leave in plenty of time to catch the next train out of town. All of these might have been applicable to Putnam's drastically curtailed reign as chairman and chief executive officer of Columbia Pictures in the late 1980s.

As a phenomenally successful independent producer of "Local Hero," "Chariots of Fire," "The Killing Fields" and other films, he was brought over from England to Hollywood in 1986 to run a major studio, but after little more than a year, his contract was terminated.

He was not there long enough to make many films, but he was there long enough to be blamed for movies released on his watch, namely "Ishtar," starring Warren Beatty and Dustin Hoffman, and "Leonard Part 6," Bill Cosby's personal production. With more dignity than is generally the case in such circumstances, Putnam returned to England to make a few

more movies and then to move more actively into politics.

In his new book, "Movies and Money," the producer, who is 57, spends little time on his studio days and instead offers an anecdotal and corporate history of the movies, with the emphasis on the relationship between films and business—how that relationship has changed and how it has not changed through the years. The book begins with some curious facts gathered during the author's research.

As Putnam points out, Flagstaff, Arizona, not Hollywood, was almost the center of moviemaking. In 1913, Jesse Lasky sent Cecil B. DeMille on a scouting mission, thinking that Arizona might be a place conducive to making movies. DeMille telegraphed: "Flagstaff no good for our purpose. . . . Want authority to rent barn in place called Hollywood for \$75 a month." The parsimonious Lasky wired back: "Authorize you to rent barn but on month-to-month basis only. Don't make any long commitment."

Putnam wondered what it would have meant if DeMille had stayed in Arizona. He suggested that movies might have been called Flaggies. In his book he adds that Los Angeles theater owners did not like the word "movies" and as late as 1914 threatened to boycott its usage. As he views the industry, its emergence and growth were partly a matter of accident.

"My underlying thesis," he said, "is that American cinema started out as a retail medium. The driving forces were almost exclusively people who sold things, people who actually sat behind nickelodeon box office windows and eyeballed their customers." As a result, movies in the United States "evolved from the audience." In Europe, in contrast, movies started with inventors.

"What you've got are two fundamentally different imperatives. The strength of the American industry is that it was based on a core reality, the audience, the people that paid the money at the box of-



David Putnam: "I had a really good 30-year run" in the movies.

fice. The weakness of the European industry was that it was based on a core fantasy, which is that there was a group of artists that could put together a rather expensive product and hope that somewhere out there it might find an audience."

He said he regarded his brief reign in Hollywood, as "a victimless crime." Columbia came to him, he said, because "they had tried every other form of punishment, an ex-agent, Guy McElwaine, an ex-television producer, Frank Price, so why not have a crack at a working producer?" That approach had been successful in the past, he said, when Darryl F.

saying yes to something you know you should say no to. In retrospect, he would have taken his time and "only greenlighted pictures when they were good and ready."

It was, he said, "a hopeless mismatch" to think, given his background, that he could be "pitched into that environment and work in that ethos." Among the many things that puzzled him about Hollywood was the constant switching of writers on a movie. Then he realized that the problem was more that the executives than of the writers. "The executives meet every week, and everyone is quizzed about how his project is doing. The key is to show that you're doing something. You can't have six weeks running and appear before a peer group and say, 'Oh, it's coming along nicely, thank you,' or the truth, 'Slow but steady progress.' They have to do something, so they panic." — and hire a new writer.

After he left, he made movies for HBO ("The Burning Season"), a few films ("Memphis Belle" and "My Life So Far," his last film, scheduled for release in May) before turning his attention to politics.

Knighted by Queen Elizabeth, he sits in the House of Lords and is chairman of Britain's National Endowment for Science, Technology and the Arts and is a member of an educational task force.

Looking back on his diverse career, he said that one thing he had not done was direct a movie. "I am not innately creative," he said. As a producer, he was "a facilitator." "I would have very much liked to direct if I could have convinced myself that I'd be any good at it," he said. "I had this horror that if I directed I would discover after three weeks that I had to fire myself."

In the Columbia film class, Putnam spoke about his reasons for leaving the movies. "I had a really good 30-year run," he said. He vowed he would never be "a 60-year-old man with a slightly dog-eared script under my arm looking for someone to give me one last shot."

PEOPLE

THE Nigerian novelist Chinua Achebe has been named a goodwill ambassador for the United Nations Population Fund, which advocates family planning. Achebe, 68, who teaches literature at Bard College in New York, said at a news conference that he was not sure precisely what he would do in the new post but said he was "a strong supporter of the United Nations and of the work of the population fund." Achebe's books include "Things Fall Apart" and "Anchors of the Savannah."

The police arrested a woman they assert managed to slip into Brad Pitt's home, stay there for 10 hours and dress herself in the actor's clothing. Athena Marie Rolando, 19, was arrested Thursday morning in an upstairs bedroom of Pitt's home in Los Angeles, they said. Pitt wasn't at home at the time, his publicist said. Rolando was arrested for investigation of trespassing, a misdemeanor.

Jean Paul Gaultier is on the Web, becoming the first French fashion designer to sell his creations on-line. The Web boutique features many of the same items that are sold at his chic shop near the Bastille in Paris. The on-line boutique, which is open 24 hours a day and delivers to 230 countries, sells about 120 articles, including silk ties and scarves, jewelry, handbags, sun glasses and other items that don't need to be tried on. At least 20 top French designers are expected to join Gaultier on the Internet over the next two years, said Celine

Trodec of Marketing Process, creator of the mall-style Web site. The site can be found at: www.galeriegaullier.com.

The singer Rod Stewart and his wife, Rachel Hunter, have separated after eight years of marriage, the musician's management company says. Stewart was 45 when he married Hunter, then 21, a model with the New York Ford model agency. They have two children, Liam, 4, and Renee, 6. A brief statement said there were no "immediate plans for the couple's divorce."

Forty oil paintings by Marc Chagall will make their public debut when they go on sale for 15 million Swiss francs (about \$11 million) at a private gallery in Switzerland this month. The Kurt Schaefer gallery in Solothurn purchased the paintings, which span four decades, directly from the estate of Chagall, who died in 1985. The works feature many of Chagall's traditional images, including religious symbols, Russian villages, floating lovers and bunches of flowers.

The Whitney Museum of American Art in New York is selling a group of 23 folk art paintings from the 19th century, given to the institution in the late 1960s by Edgar William Garbisch and his wife, Bernice Chrysler Garbisch. The paintings are expected to sell for \$400,000 to \$600,000 and will be auctioned at Sotheby's in New York on Jan. 17.



Rod Stewart and Rachel Hunter are splitsville.



(go down in history)

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